Syngene

Ref: Syn/CS/SE/AGM/July 2018 - 018

Syngene International Limited
Biocon Park SEZ, Bommasandra IV Phase,
Jigani Link Road, Bangalore 560 099,
India.
T +91 80 2808 2808
F +91 80 4014 3150 / 2852 3423
CIN No. L85110KA1993PLC014937
www.syngeneintl.com

July 31, 2018

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

Dear Sir/Madam,

Subject: Submission of Annual Report for FY 2017-18

Pursuant to the Regulation 34(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith is the Annual Report of Syngene International Limited for financial year 2017-18, after being approved and adopted at the recently concluded Annual General Meeting of the Company, held on July 25, 2018.

Further, the Annual Report is also available on the website of the Company i.e. www.syngeneintl.com.

Request to kindly take this intimation on record.

Yours faithfully,
For **SYNGENE INTERNATIONAL LIMITED**

Mayank Verma
Company Secretary

Syngene International Limited ★ Bangalore ★

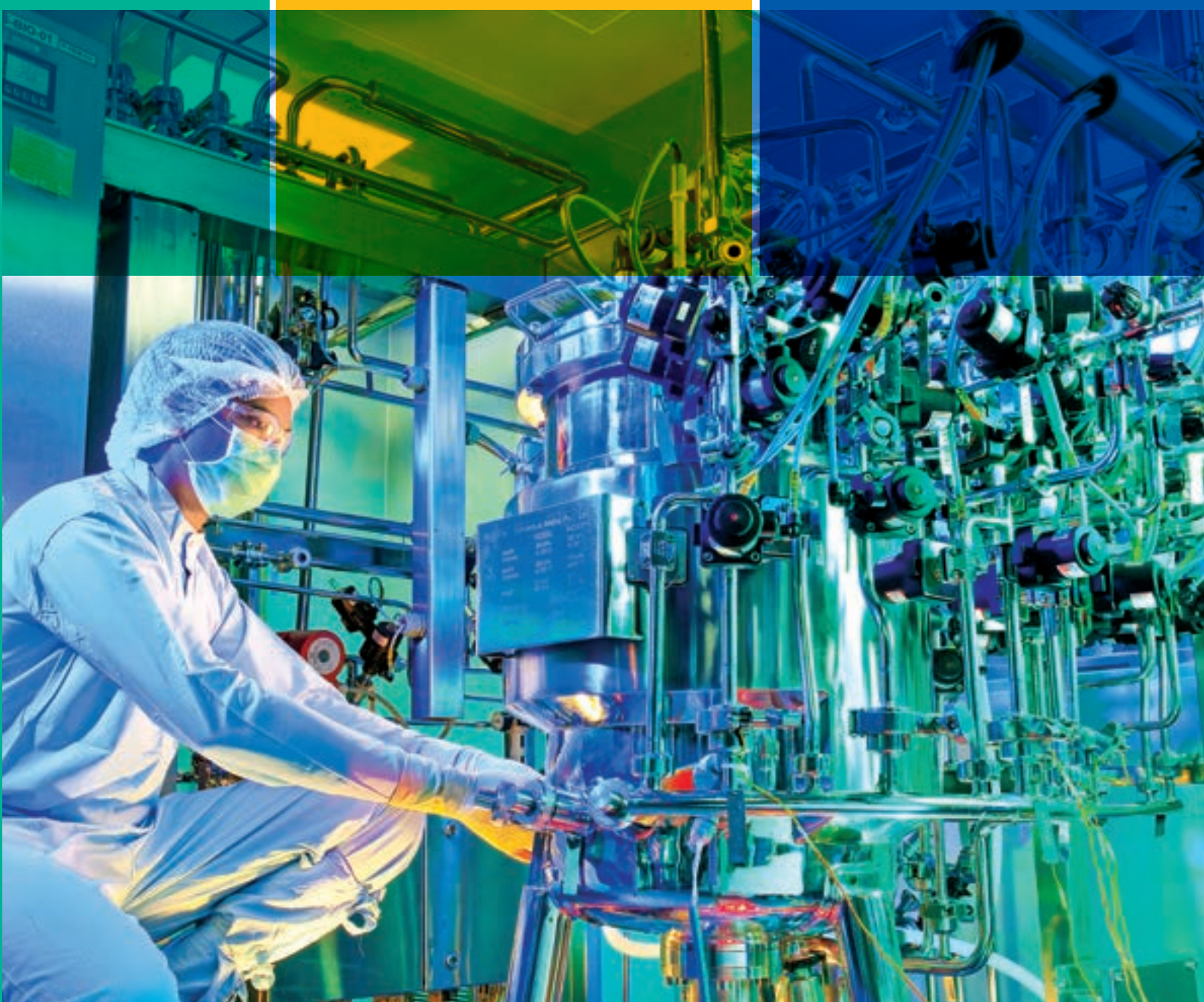
Enclosed: Annual Report 2017-18

Syngene

ANNUAL
REPORT
2017-18

DRIVING **INNOVATION.**

DELIVERING **EFFICIENCIES.**





About Syngene International Limited (Syngene)

Syngene is among the world's leading Contract Research Organisations (CROs), providing integrated discovery and development services for novel molecules across multiple platforms, including small molecules, large molecules, antibody drug conjugates and oligonucleotides.

We bring together state-of-the-art infrastructure and a highly experienced team of scientists to help R&D-focussed organisations achieve better research efficiency and reduce development time. We cater to global pharma companies as well as industry leaders in segments such as biotechnology, nutrition, animal health, consumer goods and specialty chemicals.

BSE code: 539268
NSE code: SYNGENE
ISIN ID: INE398R01022

Contents

Business Review

Solutions that drive lasting impact	04
Expanding our global footprint	07
Managing Director's message to shareholders	08
CEO's operational review	10
CFO's financial review	14
Performance shows our potential	17
Offering a 'one-stop' solution	18
Our quality benchmarks keep us ahead of the curve	28
Robust IT architecture facilitates industry-next outcomes	30
Crafting an encouraging roadmap for learning and leadership	32
Sustainability is deeply embedded in our corporate strategy	34
Community counts when you take a long view of the business	36
Board profile	38
Executive committee	42
Corporate information	43

Statutory Reports

Board's Report	45
Corporate Governance Report	73
Business Responsibility Report	86
Management Discussion and Analysis	93

Financial Statements

Standalone Financial Statements	103
Consolidated Financial Statements	143
AGM Notice	179

FY18 Highlights

Rs. 14,849 Mn
Revenue
17% ▲ Y-o-Y

Rs. 5,266 Mn
EBITDA
10% ▲ Y-o-Y

Rs. 3,054 Mn
PAT
6% ▲ Y-o-Y

USD 2 Bn
Market capitalisation as on March 31, 2018

10%
Dividend payout

Our macro and micro strategies focus on innovation and cost-effective efficiencies to partner our clients in their complex research endeavours. We do this by harnessing the power of science, integrated infrastructure, advanced technology and teamwork.



We have developed significant expertise in managing large integrated collaborations and executing complex projects across multiple sectors.

Our emphasis on scientific innovation, operational efficiencies, quality and safety compliance, ethics and integrity differentiate us as one of the preferred partners for scientific services, attracting new clients as well as deepening our existing client relationships through successive renewals and expansion of contractual arrangements.

We see this as reflecting the high level of science we do for them and the deep impact we make on their business strategies.

Our value-creation model is deeply anchored in our ability to innovate and accomplish industry-next efficiencies to usher in profound and transformative impact in the lives of millions of people.

1.3 Mn Sq Ft.
World-class R&D and manufacturing infrastructure

3,540
Qualified scientists (>85% Doctorate or Master's degree holders)

316
Global clients across multiple sectors

400+
Patents filed by our clients with the support of our scientists in the last five years

DRIVING INNOVATION

We are putting our science to work for developing innovative solutions that meet the R&D requirements of global organisations.

By constantly engaging with our clients to better understand their current and future requirements and gearing up our capabilities.

By offering 'one-stop' discovery and development solutions for complex projects that help us deliver value to clients.

By empowering our growing multi-disciplinary scientific talent pool, who bring their experience and expertise to elevate our innovation curve.

By investing in state-of-the art research and manufacturing infrastructure; we have one of the largest campuses in India, with sophisticated equipment and facilities.

By developing comprehensive capabilities across therapeutic platforms and service models.



DELIVERING EFFICIENCIES

Our capabilities help us deliver efficiencies to global clients in an agile, flexible and cost-effective manner.

By expanding the scale and scope of our business, while at the same time extending our client collaborations.

By strengthening our systems and processes to ensure data confidentiality, data integrity and Internet Protocol (IP) protection.

By enhancing emphasis on quality of delivery and compliance with regulatory requirements at every stage of our operations.



SOLUTIONS THAT DRIVE LASTING IMPACT

Our track record of successful delivery of complex projects, process efficiencies, consistent innovation, turnaround times and enhanced productivity has helped us create significant impact for our clients.

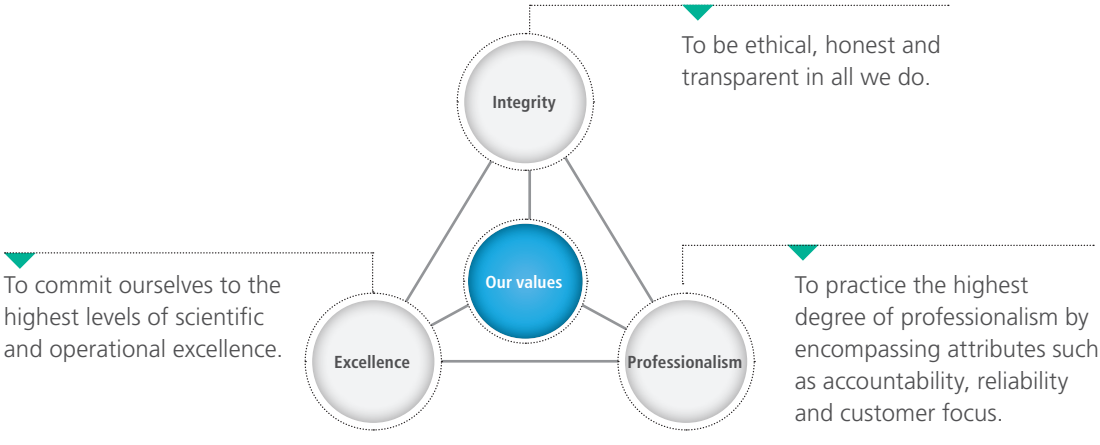
We are one of the world's fastest growing CROs, providing one-stop solutions to the global life sciences and other research-focussed industries. Our integrated capabilities help organisations conduct discovery (from hit to candidate selection), development (including pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) and manufacturing (scale-up, pre-clinical and clinical supplies) under one roof with a distinctive economic advantage. We offer an attractive variable cost alternative to the traditionally fixed-cost, in-house, resource-intensive business model of R&D-focussed organisations.

Over the years, we have steadily enhanced our investments to build robust infrastructure and a strong scientific talent pool to remain ahead of the curve.

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

Our Vision and Values

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



Our Stakeholder Commitment

Customers

- To meet their current and future requirements by providing world-class talent, infrastructure and systems
- To deliver sustained quality and productivity
- To provide flexible and effective partnership models

Employees

- To ensure a safe and sociable working environment
- To offer work opportunities with high-performing teams
- To develop scientific, managerial and leadership skills and cultivate professional competencies

Society and Environment

- To safeguard the environment by reducing waste, controlling pollution and creating eco-friendly products
- To support community health and wellness programmes

Patients, Physicians and Providers

- To maintain the highest standards of ethics with regard to patient care
- To conform to best ethical practices envisioned for physicians and providers

The Syngene Advantage

Ability to adapt to industry-specific expertise

- Significant expertise in offering services to diverse industries

World-class offerings with India cost advantage

- World-class infrastructure, quality systems, scientific standards and productivity

Customisation of resources with flexibility

- Customised, dedicated resources with flexibility to up-or down-regulate

Ability to attract an experienced scientific talent pool

- Scientific talent pool with relevant expertise and experience

Variabilisation of resources

- Converting fixed R&D and manufacturing costs to variable costs for our partners



Recognised for Excellence

Best Bioprocessing Award 2018: We won the Best Bioprocessing Excellence Award (India) at the Asia-Pacific Bioprocessing Excellence Awards 2018 held in conjunction with the 5th Annual Biologics Manufacturing Conference at Singapore. The Asia-Pacific Bioprocessing Excellence Awards celebrates outstanding bioprocessing people, organisations and technologies across the world.

World HRD Congress Award 2018: Our Company was awarded the 'HR Excellence – For Best Talent Management Strategy' at the 25th edition of the HR Talent Management Leadership Award organised by the HRD Management Committee of the World Human Resource Development Congress.

Healthcare Company of the Year 2017: We were conferred with the Healthcare Company of the Year Award for 2017 at the VCCircle India Limited Partners Summit 2018. We were assessed by a jury of industry veterans on a variety of qualitative and quantitative parameters such as financial performance, brand salience and management quality.

Bio Services Excellence Award 2017: Syngene won the Bio Services Excellence Award 2017 at the Bangalore Tech Summit. The Tech Summit was organised by the Department of IT and BT, Government of Karnataka, recognising disruptive technologies, path-breaking products and unique services.

Runners-up in the Best CRO Category at the World ADC Conference 2017: Syngene won the Runners-up award in the 'Best CRO Category' at the 4th World ADC Awards organised at San Diego, US. The awards showcase the innovation, leadership and devotion shown by the best companies, teams and individuals in the industry.



1 Dr. Amit Jogi and Mr. Pravin Kumar Prajapati receiving the Best Bioprocessing Excellence Award.



2 Mr. Sebi Chacko and Ms. Preeti Nandakumar receiving the HR Excellence Award – For Best Talent Management Strategy.



3 Dr. Dhananjay Patankar receiving the Bio Services Excellence Award at the Bangalore Tech Summit.



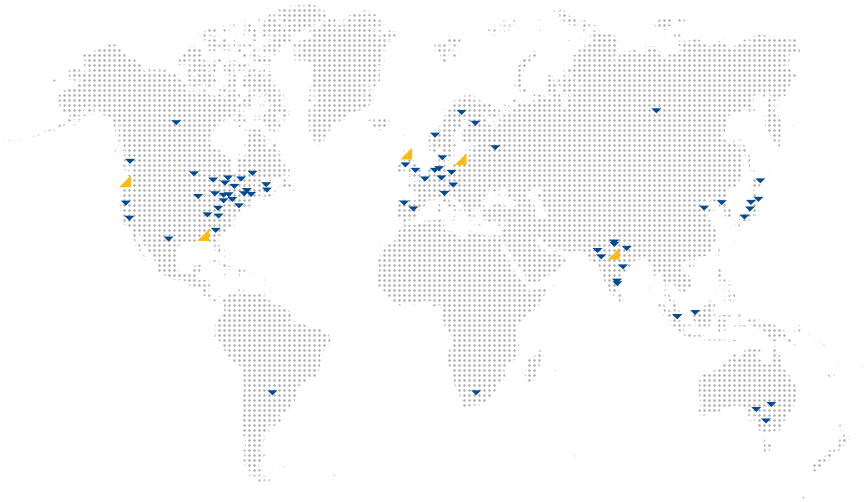
4 Dr. Satheesh Nagaraj and Dr. Priyaranjan Patnaik receiving the Runner-up award at World ADC Awards.

EXPANDING OUR GLOBAL FOOTPRINT

As a global player, we cater to clients spanning the US, Europe, Asia-Pacific and Australia.

We have appointed regional Business Development representatives in the US (East and West Coast), Ireland, Germany and India, enabling us to stay closer to our clients and facilitate better engagement.

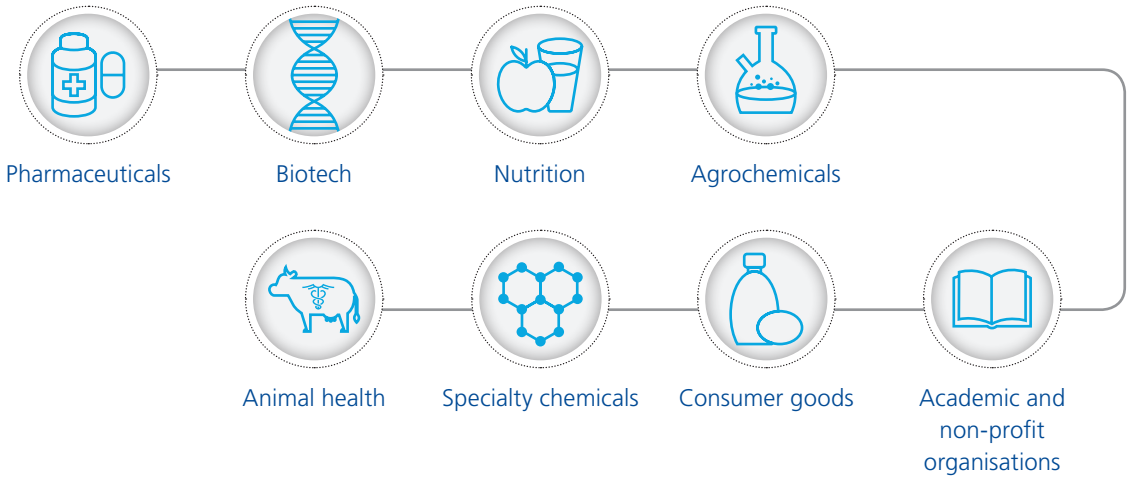
We also incorporated a wholly-owned overseas subsidiary in the US (Syngene USA Inc.), which will provide a strong local footing in the US market and will allow our clients easy and local access to our business teams.



~96%
Clients are based outside India

▲ Regional Business Development representatives
▼ Client base

Wide Industry Coverage



MANAGING DIRECTOR'S MESSAGE TO SHAREHOLDERS



Kiran Mazumdar Shaw
Managing Director

Dear Shareholders,

As we endeavour to add value in research and innovation for our partners and customers, we are focusing on executing a strategy of differentiated services by expanding and strengthening our current range of capabilities.

FY18 delivered a strong performance for Syngene driven by an expansion of our client base as well an enhancement of our dedicated centres.

Through a combination of competency and capability building over the years, we have created sustainable value and laid a solid foundation for our long-term growth.

The global contract research industry continues to become ever more dynamic, with clients demanding not only the traditional range of high-quality, cost competitive services but are increasingly looking for more sophisticated, fully integrated research solutions, often delivered through a strategic partnership model. In meeting the needs of this growing and diverse customer group, Syngene continues to move up the R&D value chain, transitioning from providing simple, cost-arbitrage based offerings to complex, fully integrated services that deliver enhanced R&D innovation, with greater efficiency and at an operating cost that ensures real value creation.

Syngene, with its deep scientific capabilities, flexible business models, focus on operating efficiency and strong track record of service excellence, offers much to its clients.

Technology is increasingly playing a disruptive role in redefining the way R&D is conducted. Advancements in data science, automation, and artificial intelligence has made it possible to sift through large volumes of genetic and other multiplexed research and clinical data to figure out how biology works and why diseases happen. The ability to read and edit DNA is improving rapidly. The latest data analytics tools are helping gain better insights and make useful predictions about what new approaches will and won't work, thus enabling faster and better decision making. Syngene's growing capability in this area positions us well to support clients in the longer term.

The rapid pace of innovation within biology is poised to bring further transformational change within healthcare across the world. In this context, it was particularly pleasing to see the strong growth within our Discovery Biology business bolstered with the commissioning of our state of the art, single-use bioreactor biologics manufacturing facility. The combined strength we now have in Discovery Biology and in Biologics Manufacturing augurs well for the future and allows us to offer high end services in one of the fastest growing areas of the industry.

The breadth of Syngene's' scientific capabilities stretch beyond the core client industries of pharmaceuticals and biotechnology and are now gaining increasing relevance in other adjacent industry groups like speciality chemicals, food and nutrition, cosmetics as well as agri-tech.

Changing consumer behavior, increased awareness about health and hygiene, rising income and changes in life style are altering the dynamics of industries as diverse as pharmaceuticals, food and nutrition, cosmetics, consumer goods and animal health. All of these industries are seeing increasing demand for newer products and breakthrough innovation.

To cater to this demand, companies are both increasing their own investments in R&D but also looking to tap into the deep scientific knowledge and experience within CRO's like Syngene to stay ahead of the curve. This trend continues to offer further avenues for growth through outsourcing and collaborating as an external partner to these companies.

All this is bringing about a paradigm change in the contract research space. Providing integrated services across multiple domains, simultaneously driving innovation, efficiency and a superior customer experience is playing a central role in redefining the relationship between a client and their outsourcing partner. When outsourcing complex science, it is evident that effective collaboration, transparent communication and the ability to operate as a trusted partner become key determinants of the success of any collaboration.

Syngene, with its deep scientific capabilities, flexible business models, focus on operating efficiency and strong track record of service excellence, offers much to its clients. We have earned a reputation for our ability to consistently deliver advanced services, accelerate time-to-market for client projects, lower operating costs and help our clients improve the ROI of their R&D investments. Syngene has evolved to become a trusted long term strategic partner for many of our clients. Our responsiveness, agility and adaptability to change have been central to achieving this position and are the source of our ability to create value to our clients.

FY18 was another good year, for Syngene. During the year our revenues grew by 17%, EBITDA by 10% and PAT increased by 6%. We continued to closely engage with our clients to get a deeper insight into their evolving R&D requirements to ensure we continue to align our strategies to meet their emerging needs. We strengthened our collaborations with existing clients and also added many new leading global players in the life and non-life sciences space to our clientele. We expanded our geographical presence, with the opening of a US subsidiary, to enable us to be ever closer our US based clients.

Through the year we have been fortunate to win various awards and accolades from both national and international certification bodies. These serve as a testament to the high standards with which we operate and reflect the hard work and dedication seen across the thousands of staff at Syngene.

As we move forward into FY19, I would like to express my sincere gratitude to my fellow Directors for their commitment and professionalism in paving Syngene's long-term path. My deep appreciation to all our loyal and valuable shareholders for their continued confidence and support. My thanks to our suppliers and lenders, who continue to be our partners in growth. Lastly, our management team and staff for their valuable and ongoing dedication over the past year in contributing to Syngene's growth.

Thank you,

Kiran Mazumdar Shaw

CEO'S OPERATIONAL REVIEW



Jonathan Hunt
Whole-time Director and Chief Executive Officer

Dear Shareholders,

Driving innovation. Delivering efficiencies. These are the two guiding philosophies that underpin everything we do, every day at Syngene.

As a leading global CRO, we make a significant beneficial impact on our clients' research programs through our integrated drug discovery services, dedicated R&D centers, development and manufacturing services as well a myriad of other niche service offerings. Our cutting-edge scientific expertise, focus on operational excellence and ongoing commitment to conformance to high quality standards and regulatory compliance, allied to our industry leading operating costs continue to create great value for our clients.

The global R&D landscape, especially within the life sciences industry, is witnessing rapid change and this is throwing up ever more opportunities, borne out of breakthrough scientific innovation as well as technological advancements. The increasing convergence of information technology, with conventional discovery and development processes is opening up new possibilities to further speed up the rate of innovation, reduce the risk of failure and identify within the vast flow of data being created new ways to address disease.

At the same time, while the rate of scientific innovation is booming, many of our clients continue to grapple with the challenges of falling R&D efficiencies, diminishing return on investments, increasing risk and greater complexity in new drug discovery as well as pricing pressure from end users and payors.

Together, these challenges continue to drive change in our clients operating models and lead many of them to look at outsourcing all or part of their R&D activities. In doing so, they are not only seeking to access the lower operating cost model and scale benefits delivered by companies like Syngene but as importantly, they are looking to access innovation, delivered within an environment of high quality, regulatory compliance and integrity.

Syngene, with its range of differentiated service models, excellent track record of compliance and quality, world-class infrastructure and rich talent pool, has successfully accessed many of these opportunities and has emerged as one of the leaders in the global R&D outsourcing market.

As a full service, integrated discovery and development service provider, we are among the few global organisations that cater to the growing R&D requirements of not just the life sciences industry but also of other industries such as nutrition, animal health, cosmetics, consumer good and specialty chemicals.

Over the years, we have made well thought out investments in broadening our service portfolio, widening our scientific expertise and strengthening our delivery capabilities. Together these investments have enhanced our position as a trusted 'one-stop' scientific partner for our clients

FY18 Operational Review

FY18 was an excellent year for Syngene on many fronts.

We added new clients to our growing, diversified list of global clientele, expanded the scope of engagement with many of our existing clients, successfully passed regulatory and client audits, made good progress on our strategic priorities and CAPEX plans and hired some of the very best talent in the industry.

The decision to expand our ongoing collaborations with Bristol-Myers Squibb and Amgen is a testimony to the high-quality science that Syngene delivers and our ability to consistently operate at global standards. It gives our teams of scientists more opportunity to collaborate ever more closely with our clients global R&D teams in providing innovative solutions to develop better products in an efficient manner. We are happy and proud that our dedicated R&D centers have become an important component of our clients global R&D network.

The extension of our collaboration with Merck KGaA will enable us to work on more advanced and complex projects in the areas of protein technology, molecular biology, cell science and antibody drug conjugates.

While we expand our collaborations with existing clients, we are also constantly exploring new client engagement opportunities. One of the most significant highlights of the year was the signing of a strategic, multiyear collaboration with GlaxoSmithKline (GSK). This collaboration will focus on new drug discovery projects using Syngene's discovery services platforms. Discovery research has traditionally been one of Syngene's core strengths and this collaboration in many way underlines Syngene's position as one of the most innovative, capable and cost effective providers of discovery research services.

Our development and manufacturing collaboration with Zoetis, a global leader in animal health, further strengthened our presence in the animal health sector enabling us to use our scientific expertise in developing superior products for the betterment and welfare of the animals. The collaboration entails research and development of monoclonal antibodies and provides for commercial scale manufacturing. During the year we also entered into a multi-year manufacturing agreement with a Japanese specialty

FY18 was an excellent year for Syngene on many fronts. We added new clients to our growing, diversified list of global clientele, expanded the scope of engagement with many of our existing clients, successfully passed regulatory and client audits, made good progress on our strategic priorities and CAPEX plans and hired some of the very best talent in the industry.

company to manufacture a novel chemical entity for commercial launch in the Japanese market.

As we strengthened our position in the small molecule market, we also took rapid steps forward in the biologics arena as well.

Globally biologics are gaining traction and it is estimated that by 2020 about 1/3rd of the global pharmaceutical industry revenue will be contributed by biologics. During the year, we made good progress in our biologics business, which we see as an important long term strategic growth driver. We commissioned our new Biologics Manufacturing Plant and this has significantly boosted our biologics manufacturing capacity. This state-of-the-art mammalian manufacturing facility is designed to manufacture clinical as well as commercial scale batches for global markets.

During the year we also strengthened our clinical development business by expanding our bio-equivalence study capacity by setting up an additional 76-bed Human Pharmacology Unit (HPU). The HPU facility serves to conduct Phase I and bioequivalence studies in human volunteers and can support early stage as well as translational research studies that help clients make faster clinical development decisions.

The construction activities at our upcoming commercial scale API manufacturing facility in Mangalore commenced and the facility is scheduled to be operational by FY20. This is one of our larger strategic investments and when complete will significantly strengthen Syngene's position in the "drug discovery to manufacture" value chain.

In a significant regulatory achievement, our manufacturing facility in Bangalore received PMDA accreditation. This is a significant achievement as the PMDA is considered by many to be among the most stringent regulatory bodies in the world. This accreditation will help us boost our presence in the Japanese market.

Pursuant to an unannounced audit, the US FDA issued a Form 483 to our BA-BE facility. This is the first time that Syngene has received a Form 483. However, we see this as an operational observation and do not see it as having any adverse impact on our operations or our credibility with clients. We have submitted our response to the regulator and are awaiting their final report.

Any organisation is as strong as its systems and processes and the people who run it. During the year, we implemented various initiatives and activities aimed at improving our systems and processes and investing the skills and capabilities of our employees.

"Kavach", our corporate safety initiative, focuses on bringing about a cultural and behavioral change among employees to help us make Syngene one of the safest places to work globally.

To improve productivity, reduce turnaround times and maintain better consistency in delivering service excellence, we put in place a fast-paced learning ecosystem to upgrade the skills and capabilities of our employees. We introduced several skill development programs during the year available to people across all levels of the organisation. Our diversity and inclusion initiatives during the year showed increasingly improving results and our investments here reflects our commitment towards empowering women at Syngene. We continued with our investments in further evolving our IT infrastructure to ensure world-class data and IP protection.

During the year we also set up our first international subsidiary, in the USA, bringing us closer to our US and North American clients.

Globally biologics are gaining traction and it is estimated that by 2020 about 1/3rd of the global pharmaceutical industry revenue will be contributed by biologics. During the year, we made good progress in our biologics business, which we see as an important long term strategic growth driver.

Financial Performance

FY18 was a good year for Syngene, not only on the operational front but also for our financial performance. Despite a competitive operating environment, we managed to accelerate revenue growth through the year and reported a strong overall performance for the full year with revenue growth of 17%, taking total revenue from Rs. 12,716 Mn in FY17 to Rs. 14,849 Mn in FY18. Performance was well balanced across the main business verticals.

EBITDA touched Rs. 5,266 Mn in FY18, compared to Rs. 4,783 Mn in FY17, recording a 10% growth. PAT increased by 6% to Rs. 3,054 Mn in FY18, compared to Rs. 2,873 Mn in FY17. Through the year we maintained a healthy profit margin, though it was marginally lower than the previous year. This is largely due to two factors; the decreasing non-operational benefit coming from interest income, as well as strategic investments made in strengthening our business development activities and increased investments in regulatory compliance and safety.

We are sure these investments will further strengthen our fundamentals and will result in better sales performance and in building a stronger organisation for the future.

Outlook FY19

We continue to see good demand for research and discovery services across the world and based on this we expect good growth to continue across our Discovery and Development Services verticals.

We are well positioned to leverage the emerging opportunities in biologics and see its contribution to our growth to increase further.

Our investments in strengthening our safety systems and processes, as well investments in enhancing the skills and capabilities of our employees will help us gain further operational efficiencies and provide better value added services to our clients.

Our success, as in the past, will depend upon our ability to align ourselves with the evolving needs of our clients and to keep pace with emerging technology.

The continuous broadening of our portfolio of services and developing new scientific expertise is particularly critical as clients are increasing their reliance on outsourcing as a way of delivering their R&D priorities.

As we implement our strategic priorities, we will continue to maintain our focus on innovation and efficiency which have been vital to our ability to provide a compelling value proposition for our clients. To this we will add a growing focus on building a differentiated "safety culture", alongside our traditional focus on operating to the highest compliance and regulatory standards.

I would like to thank our employees for their continued focus on and commitment to our strategy, which has enabled us to be a partner of choice for our clients; our clients, for giving us the opportunity to collaborate with them in the true spirit of scientific partnership; and our shareholders, for their conviction and support in us.

Jonathan Hunt

CFO'S FINANCIAL REVIEW



M. B. Chinappa
Chief Financial Officer

Pursuing sustainable revenue growth through continued capital investment and focussed returns.

Highlights of the FY18 Performance

FY18 was a good year for Syngene, both operationally and financially. Our growth momentum picked up pace as reflected in our FY18 revenue growth of 17% in INR terms and 20% in USD terms vis-à-vis 14% and 13% in FY17. Net profit grew by 6% to Rs. 3,054 Mn. The Return on Equity (ROE) at 20% is in line with the trend of previous years.

We saw positive growth across all our business verticals: Dedicated R&D Centres, Discovery Services and Development and Manufacturing Services. Our Dedicated R&D Centres particularly had a very good year, with the expansion and extension of our strategic collaborations with Bristol-Myers Squibb and Amgen.

We also signed strategic collaborations with market leaders like GSK and Zoetis. These collaborations further validate our capabilities and ability to provide world-class research, development and manufacturing services in both small and large molecule spaces.

Cost and Margin Overview

At Syngene, we have a disciplined approach towards managing our cost structure to ensure healthy and sustainable margins. Our gross margins, after adjusting for personnel, material and power expenses, decreased by 200 basis point in FY18 but remained around our historical norm of 46%. The employee cost as a percentage of revenue increased to 26% from 24% in FY17, reflecting a net increase in headcount of 650 and a 23% increase in total employee costs. Our material and power expenses as a percentage of our revenue remained at 28%.

Our earnings before interest, tax and depreciation (EBITDA) grew by 10% to Rs. 5,266 Mn from Rs. 4,783 Mn in FY17. However, increased investment in business development, safety and compliance, resulted in a decline in our EBITDA margin by 300 basis point to 35% from 38% in FY17.

Capex

During FY18, we made USD 55 Mn of capital investment to further increase existing capacities as well as strengthen scientific capabilities in line with the client requirement. This is part of our on-going efforts to strengthen our existing services portfolio across multiple platforms and provide innovative solutions.

Our USD 200 Mn multi-year capex expansion plan is progressing as per plan. We committed USD 108 Mn as on March 31st, 2018, which includes USD 75 Mn towards the expansion of our facilities in Bangalore. This includes a research centre, formulation facility and biologics manufacturing plant.

The research centre spans 200,000 sq. ft. and has been set up to deliver a broad range of discovery services to multiple clients besides supporting SARC, the dedicated Syngene Amgen Research Centre. The formulation facility is a 17,000 sq.ft. facility that manufactures range of solid oral dosage forms including tablets, pellets, capsules, granules, powders and NDDS (Novel Drug Delivery Systems) for the global markets. Our new state of the art biologics manufacturing plant has a capacity to accommodate 3x 2000L single-use disposable bioreactors that support the production of both clinical and commercial scale manufacturing batches.

As part of the USD 108 Mn investment commitment during the year, we also earmarked USD 33 Mn for the commercial scale intermediate and API manufacturing facility coming up at Mangalore, Karnataka. In line with our initial plans, we expect this facility to be operational in FY20.

Associated with the increased fixed asset base, our depreciation for the year grew by 15% to Rs. 1,314 Mn from Rs. 1,143 Mn in FY17.

We have also planned an additional investment of USD 100 Mn, spread over the next 3-4 years, to further support our future growth strategies.

Foreign Exchange Management

Nearly 95% of our revenue from operations are denominated in foreign currency, which exposes the Company to the risk of changes in exchange rates. To mitigate such risk, the Company seeks to hedge between 50% and 100% of the expected net foreign exposure for the near term and up to 100% of net foreign exchange exposure for the 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.

During the year, we recorded an exchange gain of Rs. 739 Mn, compared to Rs. 229 Mn in FY17. This results from an average hedged rate of Rs. 68 in comparison to the average billing rate of Rs. 65.

Special Economic Zone (SEZ) Benefits

Syngene operates in a Special Economic Zone (SEZ) and accordingly enjoys favourable tax provisions including full exemption from corporate income tax for the first five years of operations for each new Unit and 50% exemption for the next five years of operations. Our effective tax rate for FY18 stood at 18%, compared to 17% in FY17, as we continued to benefit from these exemptions.

Certain taxation related matters, worth Rs. 2,383 Mn, are pending at different levels of adjudication. These issues are recorded as a contingent liability as on March 31, 2018. Please also refer note 31(i)(a) of Standalone Financials for further details.

Under the Foreign Trade Policy 2015, the incentives applicable on specified export services have been extended to SEZ units. During the year, the Company recorded an export incentive income of Rs. 738 Mn, covering for the period April 2015 till March 2018.

Apart from the above, the Company also enjoys the benefit of importing raw materials and capital goods without payment of import duties.

Shareholder Value

We believe, sustainable business growth needs to be supported by a robust balance sheet. Therefore, we have always focused on maintaining a positive cash flow and adequate resources to support future growth. As on March 31, 2018, our net cash position stood at Rs. 3,200 Mn and generated a positive operating cash flow of Rs. 4,462 Mn.

The Company has adopted a Dividend Distribution Policy with the objective of rewarding shareholders through a prudent balance between dividend pay-outs and long-term capital appreciation. Considering the Company is in a growth and investment phase, the Board has recommended a dividend pay-out at Rs.1 per equity share (i.e. 10% of the face value of the equity share) for shareholders' approval in line with the trend over the last few years.

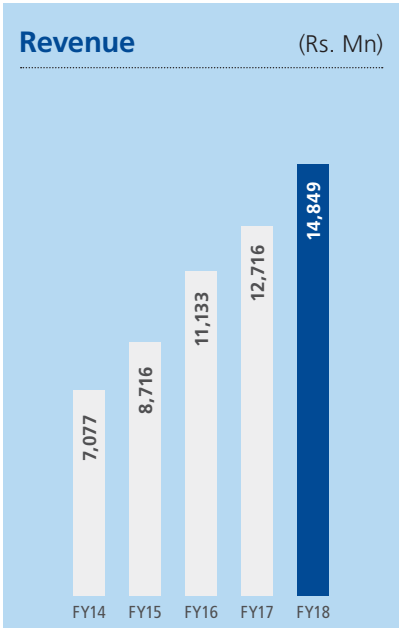
Closing Comments

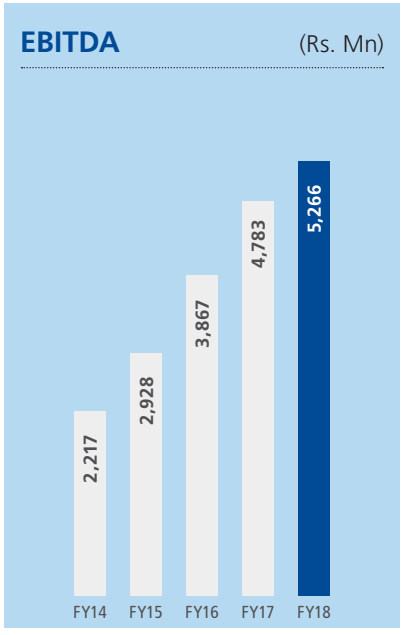
As we progress into FY19, we will continue to pursue our strategic priorities, focus on our financial commitments and build on our growth momentum. We thank all our stakeholders, both internal and external, for their continued support and confidence in our vision and initiatives.

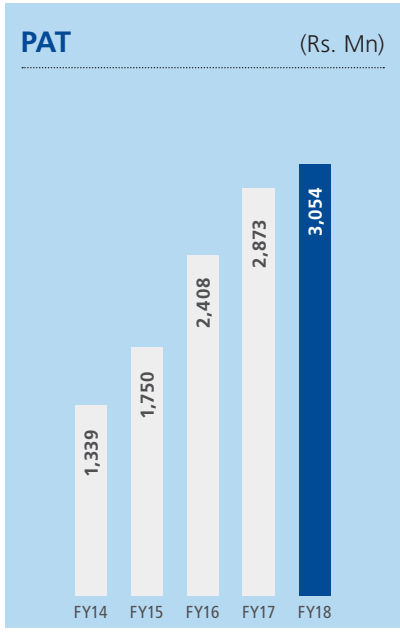
M. B. Chinappa

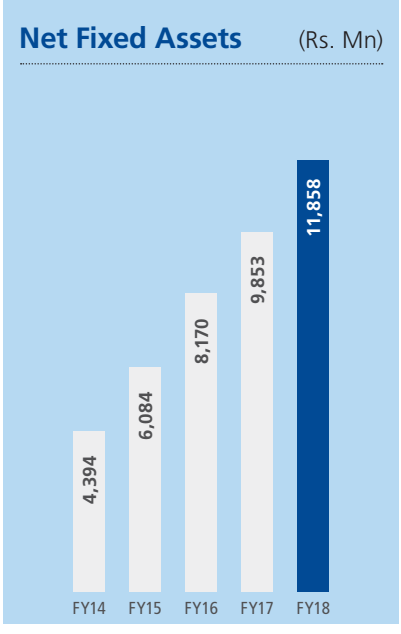
We believe, sustainable business growth needs to be supported by a robust balance sheet. Therefore, we have always focused on maintaining a positive cash flow and adequate resources to support future growth.

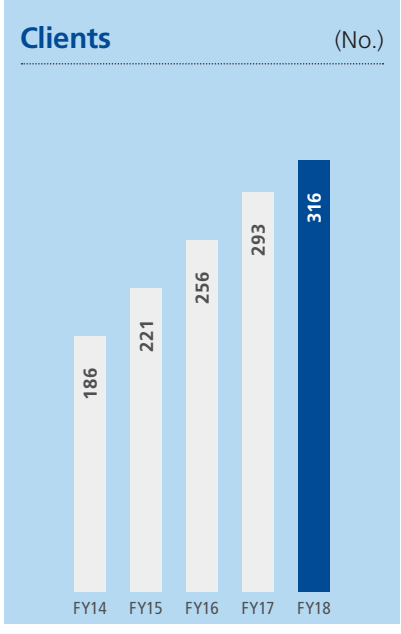
PERFORMANCE SHOWS OUR POTENTIAL

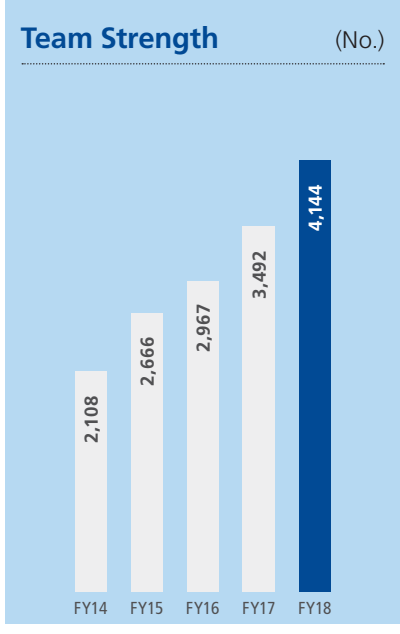










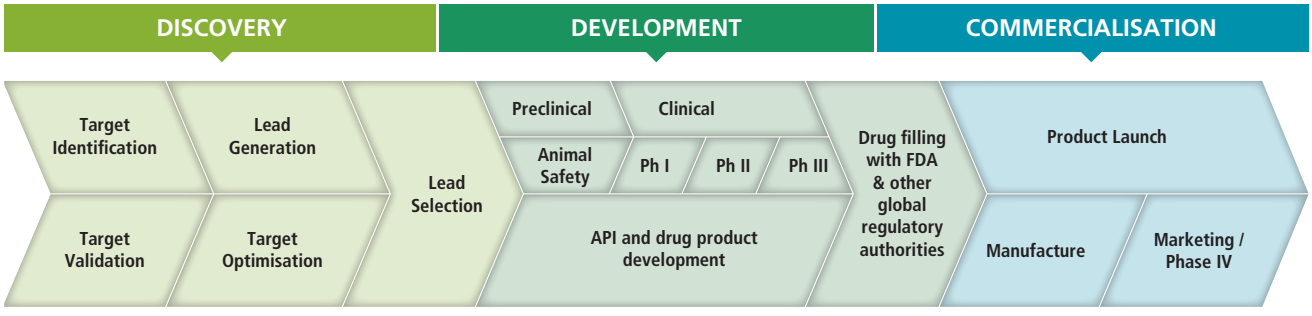


OFFERING A 'ONE-STOP' SOLUTION

Syngene began its journey as a discovery chemistry focussed CRO and gradually expanded its service basket across the entire Discovery- Development-Commercialisation (DDC) value chain.

This expansion of capabilities was done to provide better value to our customers and have more strategic collaborations with them in their R&D journey.

Robust and flexible business model



Providing multiple points of engagement

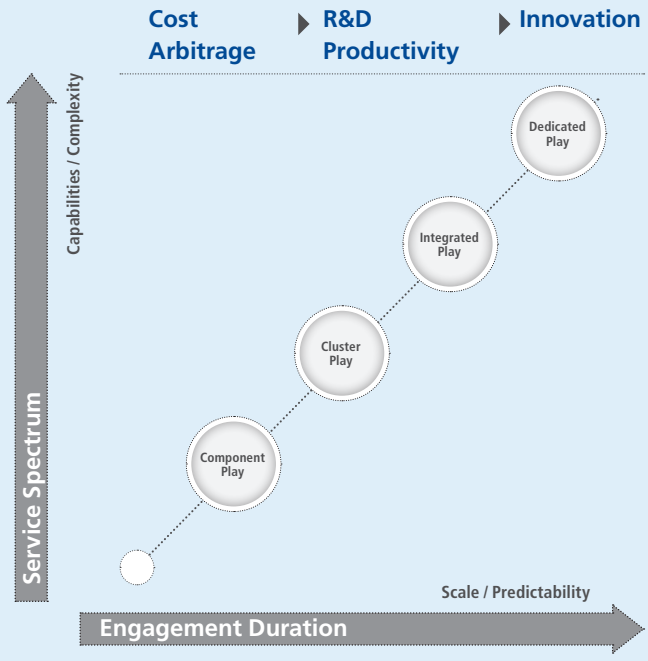
Our flexible business model allows our clients to engage with us at any point across the DDC spectrum. This allows us the flexibility to customise our service offerings to meet specific client requirements.

Syngene's business is broadly divided into three main verticals – Dedicated R&D Centre, Discovery Research Services, and Development and Manufacturing Services.

As an integrated service provider, we offer our clients multiple opportunities to engage with us, ranging from a single service to a cluster of services across multiple scientific disciplines and domains. Single-service engagements (component play) are typically short-term collaborations, focussing primarily on cost arbitrage.

However, multiple service engagements (cluster play) are longer term collaborations and focus not only on cost arbitrage, but also on increasing R&D productivity. With the involvement of multi-disciplinary teams, it provides greater scope for driving innovation as well as improving efficiency. The dedicated R&D centres that we have set up for our clients, reflect the strong value proposition that we can deliver to our clients.

Syngene Value Proposition



Leading our Scientific Talent



Standing (from left to right): **Dr. Kalyanasundaram Subramanian**, Head - Bioinformatics, **Dr. Purushottam Singnurkar**, Head - Formulations, **Dr. Jegadeesh Thampi**, Head - Chemical Development, **Dr. Dhananjay Patankar**, Head - Pharmaceutical and Biopharmaceutical Development, **Dr. Chetan Tamhankar**, Head - Clinical Development

Sitting (from left to right): **Dr. Jayashree Aiyar**, Head - Biology, **Dr. Anjan Chakrabarti,** Head - Chemistry

Dedicated R&D Centres

Our unique 'dedicated research centre business model' allows us to offer customised services to suit the requirements of each client. This model entails the setting up of dedicated infrastructure that not only complies with regulatory norms, but also meets the client's internal standards and requirements.

A dedicated team of multi-disciplinary scientists work closely with the client's R&D teams on various discovery and development projects. At present, we have four Dedicated R&D Centres for Bristol-Myers Squibb, Baxter, Amgen and Herbalife.

During FY18, the Dedicated R&D Centre business got a significant boost with the expansion and extension of our ongoing strategic collaborations with Bristol-Myers Squibb and Amgen. Our collaboration with Bristol-Myers Squibb is one of our flagship collaborations that commenced in 1998. BBRC, the dedicated R&D centre for Bristol-Myers Squibb, was set up in 2007 and is today the largest research facility for Bristol-Myers Squibb outside the US. It has contributed to the discovery and pre-clinical development of numerous drug candidates for further study, as well as generated data that has led to multiple patent filings globally.

Syngene and Bristol-Myers Squibb further consolidated this partnership by expanding the scope as well as extending the duration of the collaboration. As part of the expansion, Syngene will set up a new dedicated facility, spanning 25,000 sq ft. of laboratory and office space for Bristol-Myers Squibb. This facility will house an additional team of 75 scientists, who will work exclusively in support of Bristol-Myers Squibb.

Syngene set up Syngene Amgen Research and Development Centre (SARC), the dedicated R&D centre for Amgen, in September 2016, with an initial team of around 100 Syngene scientists. With the expansion in the scope of the collaboration, around 185 Syngene scientists will now work closely with Amgen's global scientific team, on a wider range of discovery and development projects. The size of SARC will also double from the initial 25,000 sq ft. to 50,000 sq ft. with the setting up of additional facilities.

The expansion of these collaborations is a validation of the exceptional quality of science that Syngene delivers to its clients and the strategic contribution it makes in meeting their R&D requirements. It will enable us to collaborate more closely with these clients across a wider range of R&D projects for developing new drugs to ease the suffering of the patient community.

Our collaboration with Abbott Nutrition for the Abbott Nutrition R&D Centre expired during the year. Syngene had set up this dedicated R&D facility for Abbott in 2012. During these five years of collaboration, the Centre had significantly contributed in advancing Abbott's R&D activities in the nutrition space and had helped in developing some highly successful products for them.

Our Dedicated Centre Partners

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

- Started in 2007
- Largest R&D Centre in Asia for Bristol-Myers Squibb
- Contract extended till 2026
- Dedicated Centre of research excellence with world-class facilities
- ~500 scientists supporting novel molecule research in small and large molecules
- Produced nine drug candidates for further study and advanced new compounds for first-in-human studies

Baxter Global Research Centre (BGRC)

- Started in 2013
- State-of-the-art facility supporting R&D of medical products and devices worldwide
- Engages a multidisciplinary team of ~150 scientists
- R&D activities centred on product and analytical development, preclinical evaluation in parenteral nutrition and renal therapy

Syngene Amgen Research and Development Centre (SARC)

- Started in 2016
- Exclusive R&D Centre for Amgen Inc. in India
- State-of-the-art dedicated Centre supporting a variety of discovery and development projects for biotechnology and small-molecule medicines
- Engages a multidisciplinary team of 185 scientists
- Focus on medicinal and process chemistry, biologics, bioprocess, drug metabolism, pharmacokinetics, bioanalytical research and pharmaceutical development

Herbalife Nutrition R&D Centre (HNRD)

- Started in 2016
- Herbalife's first Nutrition Research and Development Lab in India
- Dedicated Centre spans 3,000 sq ft. and houses a Current Good Manufacturing Practice (cGMP) formulation lab to support product testing, sampling and end-product development
- Focus on product development, sensory evaluation and testing, scientific content writing, project management, formulation development, analytical service, stability study and other related services



Discovery Services

Discovery research has traditionally been one of Syngene's core forte. Our Discovery Services comprise Discovery Chemistry and Discovery Biology services.

Over the past two decades, Syngene has steadily strengthened its capabilities in the area of Discovery Chemistry to cater to the diverse needs of its clients. Syngene offers purely Synthetic Chemistry support as well as Medicinal Chemistry support. Medicinal Chemistry services can be accessed with emphasis either on Chemistry discipline capabilities (iterative synthesis including library design; computational chemistry) or more comprehensively along with DMPK and Biological support (integrated drug discovery and research).

Apart from the pharmaceuticals industry, Syngene also provides Synthetic Chemistry support in the field of Material Chemistry (by synthesising ultra-pure compounds for Organic Light Emitting Diodes, Photovoltaics, Organic Thin Film Transistors and Printed Electronics), Agro Chemistry, Animal Health, Petrochemicals and Flavour Industries. Our synthetic chemistry expertise also spans into other areas such as Peptides, Carbohydrates and Nucleosides.

We also offer services in Antibody Drug Conjugate (ADC) where we strive to make a difference to the lives of cancer patients by purveying scientific excellence through a cost-effective, one-stop-shop approach in ADC discovery and development.

Syngene offers services in the area of Flow Chemistry. Our flow reactors can handle temperature range from -70 to 250 °C and all type reagents, including organometallic reagents. Optimisation on a small scale is readily translated to scale up as per the requirements.

During FY18, Syngene signed a multi-year strategic research and development agreement with the British drug giant GSK to provide drug discovery services. Syngene will set up a customised discovery research laboratory for GSK, where our scientists will work closely with GSK's global R&D teams in identifying new drug candidates across several therapeutic areas.



Syngene's Discovery Biology services provide innovative solutions in protein sciences, antibody discovery, cell line engineering, in vitro assays, in vivo disease models and DMPK services to support both large and small molecule discovery for the pharma and non-pharma sectors.

Biologics (proteins, antibodies and cell engineering) and DMPK services, considered as key growth drivers, continue to expand and attract business from large pharma clients. In FY18, we have significantly strengthened our capabilities in immuno-oncology, newer antibody discovery platforms, Next Generation Sequencing, CAR-T cell proof-of-principle studies, and high-throughput bioanalysis using TOF platforms. The team has successfully generated biosimilarity assay-data for multiple clients for Food and Drug Administration (FDA) and European Medicines Agency (EMA) regulatory filings. We have also initiated an integrated drug discovery programme with Theravance Biopharma for immunological disorders and solved the crystal structure of an Antigen-Antibody complex to support Biotherapeutic discovery efforts for a client, the first of its kind for Syngene. Additionally, we have entered into a partnership with Zumutor Biologics to access their proprietary naïve human phage/yeast display library to add to our antibody discovery platforms.

New Horizons in Bioinformatics

Bioinformatics deals with high-end computational management and meticulous analysis of biological information (genes, genomes, proteins and cells, among others). We offer integrated bioinformatics services to biotech and pharmaceutical companies, right across the drug discovery pipeline. Our bioinformatics services span the entire spectrum: from building data packages, pathway databases and knowledge bases, all the way to the analysis of high-throughput data, predictive modelling, mechanistic toxicology and systems biology.

Case Study: Biologics		Case Study: Discovery Biology
Processes for five antibodies used in cocktail products had to be developed and transferred to manufacturing.	**Client Requirement**	To establish a methodology and produce a human protein that is a target of their Biotherapeutic drug discovery efforts.
To develop a single harmonised process of difficult-to-express multiple antibodies for use in product cocktails. The target was to complete development in less than one year as against a typical development timeline range of seven to nine months per antibody.	**Key Challenges**	Earlier efforts by client to produce this protein had failed and they were procuring this material from an American CRO at a very steep price.
Syngene's robust process development platform for monoclonal antibodies that has the capability to handle antibodies of variable characteristics was customised. The widest varying antibody attributes were considered in the strategy to develop a single harmonised process.	**Syngene's Approach**	Syngene scientists designed multiple constructs for this protein using available molecular design tools and performed multi-parameter optimisation in order to improve the production of this protein in significant quantities. Eventually, the Syngene scientists demonstrated structural and functional equivalence of the Syngene-produced protein versus the same protein produced by the American CRO by testing against a panel of antibodies.
Development was completed within eight months for all the five antibodies and the processes and methods were delivered four months ahead of projected timelines.	**Outcome**	Cost savings on the order of hundreds of thousands of dollars. This case study also helped build client confidence in Syngene's scientific capabilities and helped grow the collaboration with this client.

Development and Manufacturing Services

Our development services include preclinical development, formulation development, stability and safety study services, alongside manufacturing services for small molecules and biologics.

Under the Drug Substance Development services, we offer characterisation studies that include the establishment and qualification of scale-down models, followed by the establishment of limits/ranges and technical and quality auditing of established processes. Our Drug Product Development services, include pre-formulation services along with formulation process development and compatibility studies with administration components.

Our allied development services include non-GMP and GMP Stability Studies of Drug Substance and Drug Product, Viral Testing and Clearance services that address the client's need for fulfilling the viral safety for their biologics programmes, and bio-analytical services to characterise proteins.

Over the years, many of our programmes have progressed through the development phase, where we have gained significant process knowledge and experience by conducting process development and optimisation for these molecules. This has positioned us as a partner of choice to manufacture developmental batches as well as commercial supplies of these molecules.

We have a state-of-the-art cGMP facility to manufacture New Chemical Entities (NCEs) that is designed to support multi-gram to 100 kgs/ batch of intermediates and APIs for clinical trials as well as initial commercial supplies.

During FY18, we entered into a multi-year manufacturing agreement with a Japanese specialty company to manufacture a novel chemical entity for commercial launch in the Japanese market.



Upcoming Manufacturing Facility at Mangalore

To strengthen our commercial manufacturing capacities, we are investing USD 100 Mn in our upcoming commercial-scale manufacturing facility, spanning 40 acres in the Mangalore SEZ. When operational, the plant will support commercial scale manufacturing of APIs and Intermediates and will comply with national and global regulatory guidelines. The construction activities of the facility have commenced and it is scheduled to be commissioned by FY20.

Biologics – A Key Growth Driver

At Syngene, our end-to-end development services in biologics vary from cell line and process development through large-scale production and supply of animal studies, clinical trial and commercial material. The services include support for the development of protein-based products for pharmaceutical and life sciences industries.

Our mammalian and microbial capabilities include intracellular soluble expression, inclusion body expression and secreted proteins. Syngene's manufacturing facilities that include separate suites for microbial and mammalian productions have been audited and accepted by several quality personnel from top pharma companies and third-party regulatory consultants.

During FY18, Syngene commissioned a modern, disposables-based mammalian manufacturing facility with multiple 2,000L bioreactors and a microbial manufacturing facility. Both the facilities will be used for commercial manufacturing of biologic products for the global markets. FY18 also saw excellent traction in our biologics business on the back of clinical manufacturing contracts, providing a good base for future growth. During the year, we also signed a services, manufacturing and supply contract with Zoetis, the largest global animal health company, that envisages commercial manufacturing in the future.



Case Study: Biologics Manufacturing		Case Study: Bioinformatics
Nine batches for seven products at different volumes (for three clients) had to be executed.	**Client Requirement**	Syngene was approached by the client with the proposition of using the Heptox platform to differentiate safe and unsafe compounds. The objective was to understand the mechanism behind liver toxicity.
The Biologics Manufacturing Plant (BMP1) is a newly commissioned plant with > 70% new personnel and with single-use disposable reactors (first time at this scale at Syngene). The challenge was to execute all batches First-Time-Right and provide material to clients within projected timelines.	**Key Challenges**	It is extremely difficult to predict toxicity for this class of compounds. A competitor compound went all the way to the USFDA before it was rejected due to liver toxicity. Other competing platforms had failed to distinguish between safe and unsafe compounds in this chemical class.
Mock batches were run, process scale-up was de-risked through multiple rounds of discussion on potential risks and mitigation and sustained trainings were provided to personnel on equipment and processes. All the nine batches were executed successfully within six months.	**Syngene's Approach**	The scientists at Syngene tested the compound with a special panel of assays, feeding the data into the Heptox platform. Computer simulations assisted the scientists in studying the impact of the compound on liver biology, enabling them to distinguish between safe and unsafe compounds. They successfully identified two mechanisms that drive toxicity.
Material was supplied to two clients meeting the projected timelines and to one client three months ahead of the projected timelines.	**Outcome**	One of the compounds under study had a black box warning for Drug-induced Liver Injury (DILI); the other was not approved by USFDA. Syngene's analysis helped the client to understand the reasons behind the toxicity of the compounds. Subsequently, the client now uses the platform to screen its own compounds, before testing it on animals.





Innovation and efficiencies shape our value proposition.

We question the status quo, imagine possibilities and raise the bar higher each time to achieve new efficiency altitudes.

OUR QUALITY BENCHMARKS KEEP US AHEAD OF THE CURVE

Integrated drug discovery, development and manufacturing services demand meticulous care in ensuring good documentation practices are adhered to in every phase of the development lifecycle of the molecule.

At Syngene, quality attributes are appropriately applied and the applicable systems, processes and controls are in place to ensure the same. This is inclusive of addressing adherence to the relevant regulatory requirements across the countries that our client is interested in. These quality attributes enable our clients to strategically address the varied regulatory requirements throughout the lifecycle of the molecule. We adhere to various regulatory standards, as we successfully cater to a wide cross-section of clients across the US, Europe and Asia Pacific, including Japan.

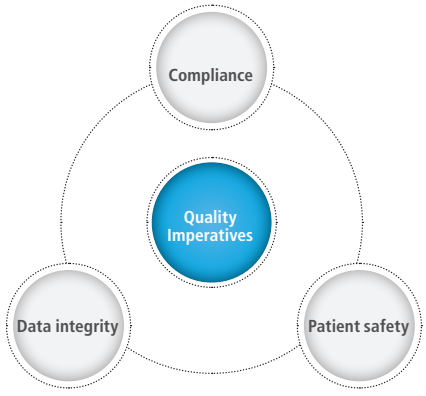
Quality Imperatives

There are three core non-negotiable quality objectives we demand of our employees–ensuring patient/consumer safety, data integrity and compliance.

Our quality assurance processes are driven by:

- Regular updates in compliance and regulatory requirements
- Quality standards as defined by the relevant industry we cater to
- Proactive efforts to strengthen the quality systems in line with industry best practices

Our quality assurance team consistently interacts with project teams and shares inputs for projects. We also assess our practices regularly and benchmark them with global practices.





Our Quality Management Systems have been reviewed by various National and International regulatory authorities and accreditation bodies over the past five years, including Drug Controller General of India (DCGI), National GLP Compliance Monitoring Authority (NGCMA) and National Accreditation Board for Testing and Calibration Laboratories (NABL) from India, ANVISA (Brazil), European Medicines Agency (Europe), Medicines and Healthcare products Regulatory Agency (UK), US Food and Drug Administration (USA), College of American Pathologists (USA), Bureau of Laboratory Quality Standards (Thailand) and Pharmaceuticals and Medical Devices Agency (Japan).

Systems-driven quality management

The framework for quality has been established for all business verticals across Syngene. This is based on the regulatory and industry requirements of Quality Management Systems. The framework is monitored, evaluated and updated as and when there are updates in the applicable regulations and best practices in the industry. This has enabled the teams to be compliant to quality requirements and attributes.

Quality systems have been integrated into the end-to-end discovery, development and manufacturing services of the lifecycle of the product. This is inclusive of (but not limited to):

- Vendor compliance
- Material systems
- Facilities and equipment
- Laboratory controls
- Packaging and labelling
- Manufacturing systems
- Non-clinical and clinical studies

As data integrity is of paramount importance, controls and mechanisms based on regulatory requirements, inclusive of escalation mechanisms, to address the same have been incorporated into the Quality Management Systems. Our teams depend considerably on our robust IT architecture that supports data integrity. Various software solutions such as LIMS, electronic lab notebooks and chromatographic data systems, among others, support us in maintaining transparency and data integrity.

Vendor Compliance

We have a robust vendor qualification programme, which is aligned with our client's expectations.

Laboratory Information Management System (LIMS)

This programme is designed to manage the entire end-to-end processes in a laboratory, such as project creation, study design, sample receipt, sample storage, sample retrieval and sample allocation, among others.

Quality Assurance Certifications

We have the following accreditations:

Current Good Manufacturing Practices (cGMP): Our manufacturing and testing facilities are GMP certified by the Indian drug regulatory authorities and conform to the USFDA, ICH, EU and PMDA GMP guidelines. Quality Management Systems of medical devices as per ISO 13485 have been implemented for regulatory purposes of the S15 formulation unit. Quality Management Systems as per ISO 9001 have been implemented for contract services in the discovery, development and manufacture of chemical molecules, drug products and biopharmaceuticals.

Good Laboratory Practices (GLP): Our GLP test facility is certified by the National GLP Compliance Monitoring Authority (NGCMA), India for conducting studies in compliance with the Organisation for Economic Co-operation and Development (OECD) Principles of GLP. Services provided under this umbrella are mutually accepted by the OECD member countries for assessment of chemicals.

Good Clinical Practices (GCP): The Clinical Development Quality Assurance group comprises Clinical and Analytical Quality Assurance. Clinical BA/BE studies are conducted as per the requirements of ICH, CDSCO, USFDA, ANVISA, WHO and EU. The central lab is certified by the College of American Pathologists (CAP) and is NABL (ISO 15189) accredited.

ROBUST IT ARCHITECTURE
FACILITATES INDUSTRY-NEXT OUTCOMES

We are cognisant of the highly confidential and sensitive information and data that we deal with. Therefore, we ensure high levels of data security and compliance across the organisation. Technology plays a key role in helping us achieve security and compliance as well as our innovation and efficiency roadmaps.



Syngene recognises the pervasiveness of technology and makes continuous investments in Information Technology (IT) to gain operational efficiencies and improve customer service. Our IT initiatives during the year helped us realise larger organisational objectives and enable faster decision making, enhanced turnaround time for tasks and reduced documentation and approval times.

We have deployed an organisation-wide SAP Enterprise Resource Planning (ERP) system to integrate various aspects of our operations, including project management, supply chain and invoicing, among others, for smooth and seamless functioning.

Safeguarding Data Threats

Our IT standards and controls help us ensure enterprise-wide security in an ever-changing risk landscape. We engage in enterprise-wide data control and data governance. The investments made towards data security efforts are not only policy and compliance driven, but also holistic and proactive. We also invest in technology and applications based on specific client and varying business case requirements.

For data confidentiality, we have strengthened information security at the end points with Data Loss Prevention (DLP) and Advanced Threat Protection (ATP) systems that ensure safety of data.

Vulnerability Assessment Penetration Testing (VAPT)

VAPT is a process to identify and mitigate any vulnerabilities in Syngene's IT systems and network. This procedure is conducted twice a year with the help of external partners.

Elevating the Efficiency Curve

We are enhancing our efficiencies through the adoption and implementation of the latest IT solutions. We introduced the best-in-class technologies such as electronic lab notebooks, customised client-specific dashboards and virtual team rooms, among others.

During FY18, we completed the assimilation of the following IT tools in the organisation:

Citrix's Thin-Client systems: We deployed Citrix's Thin-Client systems for desktop virtualisation. This enables our people to work from 'anywhere, anytime' in a secured environment. Besides, we also completed data centre virtualisation, which will eliminate downtime, data loss and performance degradation.

LIMS: The Laboratory Information Management System (LIMS) has totally transformed laboratories into modern centres of excellence. Implementation of LIMS has helped us significantly reduce human error and enhance quality compliance and data integrity.

'e-Recruitment Solution and Online Learning Management Systems: We implemented these digital solutions to enhance our HR technology integrations and boost process efficiency.

Quality Management Systems (QMS) and Document Management Systems (DMS): We launched the fully compliant and traceable QMS and DMS to eliminate manual intervention, reduce the approval cycle time and enable 'anytime audit readiness'.

21 CFR Part 11: We implemented the DMS to electronically manage the document lifecycle, from creation to final disposition, under USFDA's 21 CFR Part 11 regulation.

General Data Regulation Protection (GDPR): We initiated the European Union (EU) mandated accountability principles for data protection. GDPR guidelines are considered the gold standard for data protection regulation globally.

Dedicated Centres: We used the assistance of computing, communication and infrastructure to support scope expansion by our Dedicated Centre partners.

CRAFTING AN ENCOURAGING ROADMAP FOR LEARNING AND LEADERSHIP

Our operating environment demands constant learning, engagement and development of specialist scientific skills to deliver solutions in an ever-changing and challenging environment.

By investing in our people, we build careers and a formidable knowledge pool that helps drive innovation and efficiency.

Empowering our Teams

Research breakthroughs need futuristic thinking and innovative approaches to solve complex problems. Therefore, we, at Syngene, focus on building a culture of continuous learning and execution excellence.

We have put in place several initiatives, both at the business unit level as well as at the individual level, to equip our employees with the right skills and competencies to face business challenges. Our targeted training programmes are designed to meet clear objectives of developing technical capability and behavioural competencies to provide a people-driven impetus to growth.

Leadership and Management

We launched our flagship Leadership programme, Leadership and Beyond (LAB), addressing various facets of leadership. This immersive programme with a blended learning approach, spread over six to eight months, covered 350+ Managers across the organisation.

We continue to focus on building technical capabilities through bespoke training programmes and our participation at leading international conferences helped us align with the global best practices.

Engagement

We implemented innovative measures during the year to improve employee engagement at various levels, considering the diverse employee groups. Welfare initiatives, including cafeteria, transport and crèche facilities, have been upgraded. The Employee Assistance Programme (EAP), offering counselling in the areas of health and wellness, parenting, work-life balance, financial planning and behavioural issues, among others, was well received.

Our participation in the Great Place to Work (GPTW) survey saw a 11-point jump in our engagement scores over the previous survey results.

Gender Diversity

The Stree@Syngene initiative is pivotal in driving gender diversity and inclusion in our organisation. Various steps have been implemented with a focus on employee welfare and career development under this programme. During FY18, women constituted 20% of our workforce.

The Company 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. All such complaints are diligently reviewed and investigated by an Internal Complaints Committee (ICC) constituted under the POSH.



Connect and Communicate

Continuous and open communication channels have been the hallmark of our interventions to effectively manage our employee life-cycle from 'hire-to-retire'. Regular MD, CEO and departmental town halls, along with skip-level meetings, have ensured high levels of engagement.

During the year, we also engaged with our people through various Employee Resource Groups (ERGs).



SUSTAINABILITY IS DEEPLY EMBEDDED IN OUR CORPORATE STRATEGY

Sustainability is a journey that we have undertaken in right earnest. We deliver on client commitments in a manner that respects the communities and the environment in which we operate.

We have adopted best-in-class practices to embed Environment, Health, Safety and Sustainability (EHSS) in our operations. We empower employees through education and training to adopt environment, health and safety policies; practices and procedures, while adding strategic value to businesses. We identify, assess and manage EHSS risks that could impact our business, employees, contractors and the communities around us. We implement an effective audit and verification approach across the Company to track compliance with our EHSS policies, procedures and practices. We continuously interact with our clients to understand the best practices and incorporate them in our operations as applicable.

Environment

At Syngene, our environmental practices are accredited with the ISO 14001: 2015 and OHSAS 18001: 2007 certifications from TUV Nord. We have successfully implemented various measures aimed at optimising, recycling, recovering and reusing resources. The effluent waste generated in our research laboratories and manufacturing facilities is transferred to our tertiary Effluent Treatment Plant and the treated water is recycled for use in utilities and landscaping, in line with prescribed norms. Similarly, other types of waste are treated as per the norms defined by the Pollution Control Board. We have also put in place systems and processes to recover solvents used in the manufacturing process and reuse them in the best possible manner in line with regulatory guidelines. During the FY18, about 70% solvents were recycled and reused.

Sustainability

During the year, we introduced 'Chain of Custody', an upgraded internal manifest for waste disposal, attaching responsibility and accountability. We used a trapping flask to reduce solvent exposure and increased the number of traps where there is higher solvent exposure. Metal beads were used instead of oil for the reaction heating to reduce the waste oil generation. Installation of LED lights in the office area and laboratories to reduce energy consumption, implementation of reverse phase purification to reduce solvent consumption in the research laboratories and gradually shifting from paper-based documentation to electronic documentation were some of the other sustainability initiatives undertaken during the year.

Safety Initiatives

During FY18, we implemented various initiatives to strengthen the overall safety of our operations and provide a secure work environment for our employees. We installed more than 450 fire suppression systems in our fume hoods, installed new static dissipating equipment and introduced anti-static personal protective equipment (PPE) to mitigate possibilities of fire by static charge. We also invested in upgrading our chemicals and solvent warehouses as well as installed online Lower Explosion Level (LEL) detectors in our facilities. We also moved towards following Just-in-Time (JIT) inventory management system to minimise the storage of chemicals and solvents, thereby reducing the associated risks.

Kavach: The Shield of Sustainable Safety

Kavach, a corporate safety initiative, was launched during FY18 to bring about a cultural and behavioural change within Syngene and to establish a world-class safety management system within the organisation. As part of the initiative, over 4,000-man hours of training across 16 modules on safety and compliance was conducted to sensitise employees on the importance of safety and to make them aware about the various safety guidelines and procedures that they need to comply with. Over 1,000 chemists were given special training on handling pyrophoric materials and safety orientation programmes were conducted for all contractors engaged by Syngene. Periodic mock drills were conducted to ensure preparedness in case of any emergency.

1. Personal Protective Equipment (PPE) Exhibition for Occupational Safety, Health and Prevention.
2. Fire Fighting Training to equip people with the necessary skills to manage and extinguish fire in the home or office environment.
3. 4. National Safety Week celebration.









COMMUNITY COUNTS WHEN YOU TAKE A LONG VIEW OF THE BUSINESS

We are committed to help transforming our communities and shaping the diverse workforce of tomorrow. We focus on primary healthcare, education, environment sustainability and rural development to create a tangible impact in the lives of millions of people. We believe that engaging and providing thought leadership to public policy issues helps sustain growth for the long-term.

As part of the Biocon Group, all Corporate Social Responsibility (CSR) activities are conducted at a Group level through the Biocon Foundation. The major focus areas of our CSR activities are healthcare, education, environmental sustainability, rural development, promotion of art and culture, gender equality and safety of the vulnerable sections of the society.

Supporting Healthcare

During the year, we have undertaken several primary healthcare programmes such as healthcare camps and initiatives for women and children, health programme for adolescent girls, donation of medicines for communicable and non-communicable diseases and more. We also help by setting up cancer detection camps, generating awareness about family planning and nutrition and providing potable water and sanitation facilities to marginalised communities.

eLAJ Smart Clinic

We contributed to growing eLAJ Smart Clinic models that deliver primary healthcare to marginalised communities that have poor access to quality healthcare. The clinics have laboratories equipped to conduct more than 50 types of tests and transmit the reports seamlessly to physicians. Doctors view vital parameters of patients through live dashboards that also reflect the disease profile.

These smart clinics help reduce the burden on secondary and tertiary healthcare facilities, while



providing quality healthcare. They profile diseases and trigger alerts in case of disease outbreaks, generating reports at multiple levels. During FY18, we helped Biocon add 13 new eLAJ smart clinics.

Empowering Through Education

We believe primary education is a basic human right.

During the year, we distributed over 1,00,000 books in over 1,000 schools in six districts of Karnataka in association with Bangalore Political Action Committee (BPAC, Bengaluru. We also participated in school enrichment programmes, which help students of government schools enhance learning outcomes through activity-based learning.

We contributed towards women empowerment by building and furnishing a women's hostel for the accommodation of women from marginalised communities undergoing vocational training at Haliyal, North Karnataka.

Encouraging Environmental Sustainability

Improving the ecosystem and enhancing biodiversity is an important measure of environmental sustainability. Biocon Foundation has adopted two rain-fed lakes in Bengaluru at Hebbagodi and Yarandahalli, and taken up the responsibility of restoring them. Garbage and weeds were removed from these lakes and a bund road was constructed, along with the installation of street lights and fencing.

Rural Development

By way of providing infrastructure for the socio-economic development of the rural population, Biocon Foundation has constructed school classrooms and a sub-road that connects a rural area to a growing industrial hub. In addition, furniture, fixtures and medical devices were donated to government schools and health centres.





Free books distributed to school children across Karnataka





Restoration of the Hebbagodi lake

BOARD PROFILE

Our diverse and experienced Board shapes our overarching strategies and focusses on strengthening our position as a profitable, global business, underpinnedby high standards of corporate governance.



Kiran Mazumdar Shaw
Managing Director

Ms. Shaw is a first-generation entrepreneur with over 43 years' of experience in the field of biotechnology. She is a recipient of 'Padma Shri' and the 'Padma Bhushan' Awards. She was also conferred with the highest French distinction – Chevalier de l'Ordre National de la Légion 'Honneur (Knight of the Legion of Honour) in 2016. She is Ranked #1 in Business Captains category in Global 'Medicine Maker Power List' 2018. Ms. Shaw is the only Indian in the Hurun Global Self- Made Women Billionaires List 2017. She is also the Chairperson and Managing Director of Biocon Limited, Independent Director on the Board of Infosys and United Breweries Ltd.



Jonathan Hunt
Whole-time Director and Chief Executive Officer

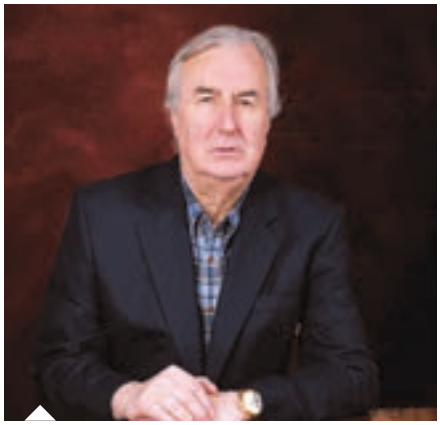
Mr. Hunt is an MBA from Durham University with over 25 years of experience in the global biopharmaceuticals industry. At Syngene, he is responsible for leading the Company's business operations and steering its investments in developing and strengthening its capabilities and capacities. He held various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

Board Committees

- C1 Audit and Risk Committee
- C2 Corporate Social Responsibility Committee
- C3 Nomination and Remuneration Committee
- C4 Stakeholders Relationship Committee

Chairman

Member



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 Coats Viyella group companies. He is also the former Chairman of Madura Coats Limited.



Professor Catherine Rosenberg
Non-executive Director

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



Russell Walls
Independent Director

Mr. Walls is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom with an experience of 45+ years in the field of finance. His expertise ranges across industries such as pharmaceuticals, insurance, textiles, transport and leisure. Currently, he is on the board of Biocon Limited where he chairs the Audit and Risk Committee and he is Chairman of the Board of Aviva Italia Holdings SpA.

C2 C3 C1 C4



Paul Blackburn
Independent Director

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



Dr. Bala S. Manian
Independent Director

Mr. Manian has 35+ years' experience in the realms of biomedical sciences, along with a postgraduate degree in Optics from the University of Rochester. He also earned his doctorate in Mechanical Engineering from Purdue University. He has more than 40 patents registered in the field of physics, engineering and biomedical sciences. He has been felicitated with Technical Academy Award by the Academy of Motion Picture Arts and Sciences in February 1999 for advances in digital cinematography.

Chairman	C1	C2 C3
Member	C4	



Suresh Talwar
Independent Director

Mr. Talwar is a Law graduate from the Government Law College, Mumbai. He is a solicitor of the Incorporated Law Society, Mumbai and is serving as a legal counsel to numerous Indian companies, multinational corporations and Indian and foreign banks. He served as Senior Partner and Adviser of M/s. Crawford Bailey & Co for many years. Currently he is a Partner at Talwar, Thakore & Associates which he founded in 2007. At present, he is on the Boards of leading companies such as Merck Limited, Sonata Software, Samson Maritime, Johnson & Johnson, among others.

C4

C1 C2 C3



Dr. Vijay Kuchroo
Independent Director

Dr. Kuchroo has a doctorate in Pathology from the University of Queensland. He is also the Samuel L. Wasserstrom Professor of Neurology at the Harvard Medical School and has 25 patents and over 325 research papers in immunology. He is a Member of the Scientific Advisory Boards of leading pharmaceutical companies including Pfizer, Novartis and GlaxoSmithKline (GSK). He founded five different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals.

C2 C3



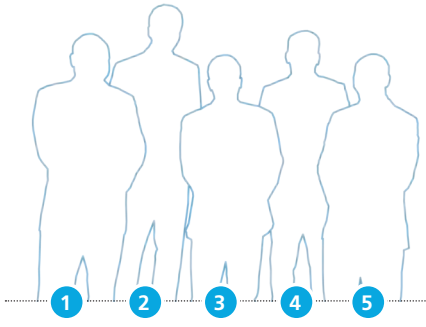
Vinita Bali
Independent Director

Ms. Bali is a global business leader with extensive experience in leading large Companies both in India and overseas. She served as Chief Executive Officer/ MD of Britannia Industries from 2005 to 2014. Prior to that, she worked with eminent multinationals like The Coca-Cola Company and Cadbury Schweppes Plc in a variety of Marketing, General Management and Chief Executive roles across the globe. Ms. Bali serves as an advisory board member of PwC India, and is a non-executive director on the boards of Smith & Nephew Plc, Bungee Ltd. and CRISIL. She also chairs the Board of the Global Alliance for Improved Nutrition (GAIN).

C2 C3

EXECUTIVE COMMITTEE





1. **Sebi Chacko**
   Chief People Officer

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

3. **Dr. Manoj Nerurkar**
   Chief Operating Officer

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

5. **Ashu Tandon**
   Chief Commercial Officer

CORPORATE INFORMATION

Company Secretary and Compliance Officer

Mayank Verma

Registered Office

Syngene International Limited

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

Statutory Auditors

B S R & Co. LLP

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

Registrar and Share Transfer Agents

Karvy Computershare Private Limited

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

Secretarial Auditors

V. Sreedharan & Associates

Company Secretaries
No. 32/33, 1st & 2nd Floor,
GNR Complex,
8th Cross, Wilson Garden,
Bengaluru 560027, Karnataka, India.



STATUTORY REPORTS

Statutory Reports

Board's Report **45**

Corporate Governance Report **73**

Business Responsibility Report **86**

Management Discussion and Analysis **93**

BOARD'S REPORT

Dear Members,

On behalf of the Board of Directors (the 'Board'), it's our immense pleasure to present the 25th Annual Report of your Company, along with the audited financial statements and Auditors' Report for the financial year ended March 31, 2018.

FINANCIAL REVIEW

Your Company's performance during FY18, compared to the previous year is summarised below.

(Rs. in Mn)

Particulars	March 31, 2018	March 31, 2017
Total revenue	14,849	12,716
Total expenditure	9,587	7,933
Profit before interest, depreciation and tax	5,262	4,783
Depreciation and interest cost	1,541	1,318
Profit before tax	3,721	3,465
Tax expenses	670	592
Profit for the year	3,051	2,873
Other comprehensive income	87	848
Total comprehensive income	**3,138**	**3,721**

Key highlights of the Company's financial performance during FY18 are as under:

- Revenue increased by 17% (from Rs. 12,716 Mn to Rs. 14,849 Mn)
- Earnings before interest tax depreciation and amortisation (EBITDA) grew by 10% (from Rs. 4,783 Mn to Rs. 5,262 Mn)
- Profit after tax increased by 6% (from Rs. 2,873 Mn to Rs. 3,051 Mn)

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

OPERATIONAL REVIEW

During FY18, the Company continued to make significant impact on its customers' businesses through its commitment to innovation, operational efficiencies, diligent cost control, strong emphasis on quality and compliance. In line with the Company's vision of becoming a world-class partner to its clients, it ramped its capabilities, expanded capacity, entered new markets and successfully cleared various regulatory audits. Moreover, the Company also added new clients and widened the scope of engagement with existing clients. All this was done with a singular objective of becoming a truly 'one-stop solution' for our partners.

The year saw significant traction in the Company's dedicated R&D Centre vertical. The ongoing collaboration with Bristol Myers-Squibb (BMS) for the BMS Biocon R&D Centre (BBRC) has been extended until 2026. Syngene will also set up a new dedicated facility for BMS spread across 25,000 sq ft. that will house an additional team of 75 scientists. Syngene and Amgen Inc. also expanded the size and scope of the Syngene Amgen R&D Centre (SARC), the dedicated R&D Centre set up for Amgen. According to the agreement, the size of SARC will double to 50,000 sq. ft. and will house a multi-disciplinary team of up to 185 Syngene scientists. The collaboration with Abbott Nutrition for the Abbott Nutrition Research & Development (ANRD) centre expired at the end of the calendar year 2017.

The discovery research business got a significant impetus with the signing of a strategic collaboration with GlaxoSmithKline (GSK). The collaboration will focus on accelerating the discovery of new drug candidates using Syngene's discovery services platforms. Syngene will set up a customised discovery research laboratory for GSK to support projects across several therapeutic areas.

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 FY18, Syngene successfully cleared inspection of the Pharmaceutical and Medical Devices Agency (PMDA) inspection, considered one of the most stringent regulatory authorities globally. During FY18, a Form 483 was issued by the US FDA for the small molecule Human Pharmacology Unit (HPU) laboratory. The Company has filed its responses to the regulator and expects the Form 483 to be withdrawn. It also strengthened its presence in the non-pharma sector with the signing of a multi-year development and manufacturing collaboration with Zoetis, a global leader in animal health.

Biologics is one of the most promising sectors and is estimated to contribute close to 30% of the total pharma market revenue globally by 2020. The Company has made strategic investments in strengthening its capacity and capabilities in biologics research and manufacturing to leverage on the emerging business opportunities in this domain. It commissioned a new state-of-the-art biologics manufacturing plant complete with three cutting-edge single-use bioreactors, each with a capacity of 2,000 litres, and is designed for manufacturing clinical as well as commercial batches for global markets.

The construction activities at the upcoming API manufacturing facility at Mangalore has commenced and the facility is scheduled to begin operations by FY20. When commissioned, it will significantly ramp up Syngene's commercial manufacturing capacities. The S2 facility, that was significantly impacted due to the fire in December 2016 has been refurbished and is expected to be operational in the first half of FY19. Once operational, it will further add to Syngene's capacity. The total capacity at the Human Pharmacology Unit ("HPU") in Bangalore currently stands at 190, with the addition of 76 more beds during FY18. This will further strengthen the bioequivalence study capabilities of the Company's clinical development business.

SUBSIDIARY COMPANY/JOINT VENTURE

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

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

MATERIAL CHANGES AND COMMITMENTS

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

DIVIDEND

The Board recommended a final dividend of Re. 1 (i.e. 10%) per equity share for FY18. The total dividend pay-out will amount to approximately Rs. 242 Mn (including dividend distribution tax). The dividend, if approved at the Annual General Meeting (AGM), will be paid to those members whose name appears in the Company's Register of Members as on the record date of July 18, 2018 and the dividend pay out date is August 1, 2018.

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

RELATED PARTY CONTRACTS OR ARRANGEMENTS

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

All the contracts/arrangements/transactions entered by the Company with the related parties during FY18 were in the ordinary course of business and on an arm's length basis.

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

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

The details of related party disclosures form part of note to the financial statements provided in the Annual Report.

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

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

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

The Ministry of Corporate Affairs under Section 124 and 125 of the Companies Act, 2013 requires dividends that are not encashed/claimed by the shareholders for a period of seven consecutive years, to be transferred to the Investor Education and Protection Fund (IEPF). In FY18, 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 forms part of the notes to the financial statements.

DEPOSITS

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

CREDIT RATING

CRISIL has rated 'CRISIL AA/Positive' on the banking facilities availed by Syngene from various banking/financial institutions. The rating on the short-term facilities were reaffirmed at 'CRISIL A1+'.

PAID-UP CAPITAL

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

HUMAN RESOURCES

Your Company considers its people its biggest assets. As on March 31, 2018, it had 4,138 full-time employees, including 3,540 scientists. This diverse talent pool of scientific and non-scientific professionals continues to support it business in achieving

sustainable growth by building the right capabilities. In FY18, your Company was awarded for its Best Talent Management Strategy by the ET Now – World HRD Congress. To attract and retain the best talent, Syngene continues to foster an engaging work environment to attract and retain the best talent. Going forward, the Company intends to continue driving significant growth with its strong intellectual strength and deep knowledge base.

PARTICULARS OF EMPLOYEES

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

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

EMPLOYEE STOCK OPTION PLAN

Syngene's Employee Stock Option Plan ("the Plan") is administered by the Syngene Employee Welfare Trust ("the Trust") under the instructions and supervision of the Nomination and Remuneration Committee (NRC). The Trust overall holds 66,80,000 equity shares of the Company. The NRC, on various occasions, had granted options to various eligible employees of the Company through the trust. The options under each tranche will vest in the ratio of 25%, 35% and 40% at 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.

During the financial year, there was no change in the Plan and the Plan is in compliance with SEBI (Share Based Employee Benefits) Regulation, 2014. A total of 1,21,500 options were granted to eligible employees and 14,47,561 equity shares were transferred to eligible employees by the Syngene Employee Welfare Trust on exercise of stock options. Further, the Company has obtained a certificate from the statutory auditors of the Company that the scheme has been implemented in accordance with SEBI (Share Based Employee Benefits) Regulation, 2014 and in accordance with the resolution passed by the shareholders.

As required under Regulation 14 of the above said Regulation, the applicable disclosure as on March 31, 2018 is annexed to this Report as Annexure 5. The details of the Plan form part of the notes to accounts of the financial statements in this Annual Report.

CORPORATE GOVERNANCE REPORT

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

The Company's Report on corporate governance for the financial year ended March 31, 2018 as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V(E) of SEBI 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 FY18 does not contain any qualification, reservation or adverse remarks.

DIRECTORS

I. Appointment

During the financial year, Jonathan Hunt, Chief Executive Officer, has been elevated as the Whole-time Director of the Company effective from May 1, 2017 for a tenure of five years and the same has been approved by the shareholders at the 24th Annual General Meeting held on July 28, 2017.

The Board also appointed Vinita Bali as an Independent Director (Additional) on the Board of the Company effective from July 31, 2017, who shall hold office up to the date of the ensuing AGM. Thereafter, subject to shareholders' approval, she will be appointed as an Independent Director for a term of three years commencing from the date of the Board's appointment till the conclusion of the AGM proposed to be held in 2020 and she will not be liable to retire by rotation.

II. Re-appointment

The shareholders, at the AGM held on June 30, 2016, had appointed Suresh Talwar as an Independent Director for a tenure of three years i.e. commencing from the date of board's appointment till the conclusion of 25th AGM scheduled on July 25, 2018.

The Board, at its meeting held on April 25, 2018, had re-appointed Suresh Talwar as an Independent Director for an another term of five years commencing from the conclusion of the 25th AGM till the conclusion of the 30th AGM proposed to be held in 2023 and he will not be liable to retire by rotation.

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

III. Retirement

John Shaw, shall retire by rotation at the ensuing AGM and is eligible for re-appointment. The Board recommends his re-appointment and the same forms part of the AGM Notice.

KEY MANAGERIAL PERSONNEL

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Director's appointment and remuneration, including the criteria for determining qualifications, independence and other matters, as provided under Section 178(3) of the Companies Act, 2013, is annexed to this Report as Annexure 7.

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD DIVERSITY

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

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the annual performance of the Board, its Committees, Chairperson and Individual Directors including Independent Directors was evaluated as per the criteria laid down by the Nomination and Remuneration Committee. The details of said evaluation has been enumerated in the Corporate Governance Report that forms part of this Annual Report. The outcome of the Board evaluation for FY18 was discussed by the Independent Directors, the Nomination and Remuneration Committee and the Board at their meeting held on January 23, 2018.

NUMBER OF MEETINGS OF THE BOARD

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

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has reviewed the accounts for the year ended March 31, 2018. The Board accepted all recommendations made by the Audit and Risk Committee.

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

ADEQUACY OF INTERNAL FINANCIAL CONTROL

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

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

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

RISK MANAGEMENT POLICY

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

DIRECTOR'S RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, reviews performed by the management and the relevant Board Committees, the Board, in concurrence with the Audit and Risk Committee, is of the opinion that the Company's internal financial controls were adequate and effective as on March 31, 2018.

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

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

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

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

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

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

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

AUDITORS

Statutory Auditors

M/s. B S R & Co. LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company at the 23rd AGM held on June 30, 2016, to hold office from the conclusion of the 23rd AGM till the conclusion of the 28th AGM proposed to be held in 2021.

The Auditors Report on the financial statements of the Company for the year ended March 31, 2018 does not contain any qualification, reservation or adverse remark. The Auditors Report, enclosed with the financial statements, forms part of the Annual Report.

Internal Auditors

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

Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013, the Board had appointed M/s. V. Sreedharan & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct the Secretarial Audit of the Company for FY18. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and is annexed to this Report as Annexure 8.

REPORTING OF FRUAD BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditors have reported to the Audit and Risk Committee any instances or 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, an extract of the Annual Return in Form MGT-9 is 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 constituted a Corporate Social Responsibility Committee, comprising Dr. Bala S Manian (Chairman), Suresh Talwar, Dr. Vijay Kuchroo, Vinita Bali and Prof. Catherine Rosenberg. The Committee monitors and oversees various CSR initiatives of the Company.

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

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

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

BUSINESS RESPONSIBILITY REPORT

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

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company's Whistle Blower Policy allows employees, Directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, non-compliance of code of conduct of the Company or any other unethical practices. The Policy provides adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns to the Integrity Committee and also provides an option of direct access to the Chairperson, Audit and Risk Committee. Syngene has engaged "In Touch India, Ernst & Young" to provide online platform to raise complaints by the whistle blower. During FY18, none of the personnel have been denied access to the Chairman of the Audit and Risk Committee.

The Whistle Blower Policy is available on the Company's website at http://www.syngeneintl.com/investor-relations/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 (POSH) Policy 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 and 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 under review. In FY18, one case was reported and resolved under POSH as on March 31, 2018.

SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During FY18, 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.

SECRETARIAL STANDARD DISCLOSURE

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

GREEN INITIATIVE

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

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

ACKNOWLEDGMENTS

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

We also thank the Government of India; the Government of Karnataka; the Ministry of Information Technology and Biotechnology; the Ministry of Commerce and Industry; the Ministry of Finance and Corporate Affairs; the Department of Scientific and Industrial Research; Central Board of Indirect Taxes and Customs; the Reserve Bank of India; the Central Board of Direct Tax; SEZs (Special Economic Zones), BIRAC (National Biopharma Mission) and all other government agencies for their support during FY18 and look forward to their continued support in future.

For and on behalf of the Board,

Date: April 25, 2018
Place: Bengaluru

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

ANNEXURE-1

Form AOC-1

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

Part "A" - 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, 2018	Rs. 65.08 per USD
5.	Share capital	USD 50,000
6.	Reserves & surplus	3
7.	Total assets	12
8.	Total Liabilities	9
9.	Investments	-
10.	Turnover	37
11.	Profit before taxation	4
12.	Provision for taxation	1
13.	Profit after taxation	3
14.	Proposed Dividend	-
15.	% of shareholding	100%

Names of subsidiaries which are yet to commence operations: None

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

Part "B" - Associates and Joint Ventures : None

For and on behalf of Board of Directors

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director and Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

ANNEXURE 2

DIVIDEND DISTRIBUTION POLICY

INTRODUCTION

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

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

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

OBJECTIVE

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

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

GUIDELINES

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

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

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

OTHER PROCEDURES

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

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

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

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

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

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

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

APPROACH

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

FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING DIVIDEND

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

(i) Profit of current financial year;

   a) After providing for depreciation in accordance with law;

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

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

   a) After providing for depreciation in accordance with law;

   b) Out of remaining undistributed amount; or

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

In computing the above, the Board may, at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off

charges on account of change in laws or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

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

POLICY AS TO HOW THE RETAINED EARNINGS SHALL BE UTILIZED

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

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

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

EXTERNAL FACTORS:

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

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 factors for taking a dividend declaration decision and determining the dividend distribution amount.

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

CLASSES OF SHARES

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

DISCLOSURE

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

AMENDMENTS AND UPDATIONS

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

ANNEXURE-3

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

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014

Power and Fuel Consumption Details	March 31, 2018	March 31, 2017
1. Electricity		
a) Purchased		
Million Unit	48	41
Total amount (Rs. mn)	371	319
Rate/Unit (Rs.)	7.73	7.78
b) Captive generation		
HSD Quantity, KL	259	36
Million Units	0.9	0.08
Units / Litre	3.5	2.2
Cost/Lit (Rs.)	58.3	59
Generation cost, Rate / Unit (Rs.)	16.7	27
2. Steam		
a) Furnace Oil		
HSD Quantity, KL	67	50
Total amount (Rs. mn)	4.13	3
Average rate (Rs.)	62	60

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. in Mn)	Energy saved per Annum Unit	(Rs. in Mn)
1	Chiller upgradation and control system automation to optimize utility pump operations in Chemical development facility.	4.5	609,756 in FY 18	5.0
2	Replacing fresh steam with recycled condensate for Hot water applications.	0.5	624 Tons of Steam in FY18	1.7
3	Reusing of RO plant reject water for Utility applications thereby reducing fresh water demand and reject water treatment cost.	2.5	2,000 KL in FY18	0.5
4	Reducing steam distribution loss by reorganizing steam distribution network.	1.43	344 Tons of Steam in FY18	0.93

Foreign Exchange Earnings and Outgo

(Rs. in Mn)

Foreign exchange earnings and outgo:	March 31, 2018	March 31, 2017
Foreign Exchange Earnings	12,828	11,407
Foreign Exchange Outgo	4,071	3,848

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

For and on behalf of the Board

Date: April 25, 2018
Place: Bengaluru

Kiran Mazumdar Shaw
Managing Director
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 FY18:

Sl. No.	Name of Director/KMP and Designation	Remuneration of Director/ KMP for FY18 (Rs. in Mn)[1]	% increase in remuneration in the FY18	Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees [2]
Executive Directors				
1.	Kiran Mazumdar Shaw	-	-	-
2.	Jonathan Hunt, Director and CEO[3]	93.82	25.13	156.37
Non-Executive Directors				
3.	J M M Shaw	-	-	-
4.	Prof. Catherine Rosenberg	0.30	-	0.50
Independent Directors				
5.	Russell Walls	2.98	(11.31)	4.97
6.	Dr. Bala S Manian	3.11	(8.26)	5.18
7.	Paul Frederick Blackburn	3.24	4.52	5.40
8.	Suresh N Talwar	2.52	(4.91)	4.20
9.	Dr. Vijay Kuchroo	2.37	(3.65)	3.95
10.	Vinita Bali[4]	1.59	-	2.65
Key Managerial Personnel				
11.	M.B. Chinappa, CFO	29.86	(17.19)	49.77
12.	Mayank Verma, CS	2.74	(2.85)	4.57

The details above is as on accrual basis.

Notes:

(1) The remuneration paid to the directors includes sitting fees, is based on the position they occupy in the various committees and meetings attended by them during the FY18.

(2) The ratio of remuneration to median remuneration is based on remuneration paid during the period April 1, 2017 to March 31, 2018.

(3) Jonathan Hunt, CEO has been appointed as Whole-time Director on the board of the Company with effect from May 1, 2017. Remuneration includes Stock options compensation allocable to him. Further, remuneration of Jonathan Hunt for the year also includes contribution to provident fund of Rs. 3 mn relating to prior period.

(4) Vinita Bali has been appointed as an independent director on the board of the company with effect from July 31, 2017.

Median remuneration of all the employees of the Company for the FY18	Rs. 604,819 Mn
The percentage increase in the median remuneration of employees in the Financial Year	5.80 %
The number of permanent employees on the rolls of Company as on March 31, 2018	4,138

(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 salaries of the employees for the FY18 was 11% against which the increase in managerial remuneration was 12%.Percentile increase in managerial remuneration is marginally higher due to mix of fixed and variable pay components reflecting short and long-term performance objective.

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

Kiran Mazumdar Shaw, Managing Director does not draw any remuneration from the Company. Jonathan Hunt, CEO and Whole-time Director is remunerated both in terms of fixed and variable pay components reflecting short and long-term performance objectives. Variable component is determined based on Company's performance for the year. The remuneration paid to other directors includes sitting fees, is based on the position they occupy in the various committees and meetings attended by them during the FY18. The payment is not only just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functions.

(4) Affirmation

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

On behalf of the Board of Directors

Date: April 25, 2018
Place: Bengaluru

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

ANNEXURE 5

SYNGENE INTERNATIONAL LIMITED

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

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

Syngene ESOP Plan:

The Board of Directors has approved the Syngene Employee Stock Option Plan 2011 (the ESOP Plan 2011) and created the Syngene Employee Welfare Trust ("the Trust") for the benefit of the employees and directors of the Company. The ESOP Plan 2011 was approved by the shareholders at an Extra Ordinary General Meeting held on December 14, 2011. The trust subscribed 6,680,000 equity shares (Face Value of Rs. 10 per share) of the Company by using the proceeds from an interest free loan of Rs. 150 million availed from the Company, adjusted for the consolidation of shares and bonus issue. Subsequent to Syngene's listing, the ESOP Plan-2011 was ratified by the shareholders via postal ballot on December 5, 2015. The ESOP Plan 2011 is the only prevailing plan and used by the Board for granting options through trust to eligible employees of the Company. As at March 31, 2018, the Trust holds 3,065,964 (March 31, 2017 - 4,513,525) equity shares of face value: Rs. 10/- each. During the financial year, the Trust has transferred 1,447,561 (March 31, 2017 – 1,405,694) equity shares to the employees who has exercised their stock options.

Grant

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

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

Sl. No.	Particulars	Status of compliance
1	The Board of Directors in their report shall disclose any material change in the scheme(s) and whether the scheme(s) is / are in compliance with the regulations.	There was no material changes in the scheme and scheme is in compliance with the regulations.
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Yes - Disclosed in Notes to Accounts – Refer note 34 to Standalone Financial Statements for the year ended March 31, 2018.
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 37 to Standalone Financial Statements for the year ended March 31, 2018.

C Details related to ESOS:

	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including	As detailed above
	Syngene Employee Stock Option Plan 2011	
	(a) Date of shareholders' approval	December 14, 2011. Ratification post listing on December 5, 2015 via Postal ballot.
	(b) Total number of options approved under ESOS	6,680,000 equity shares (adjusted for consolidation of shares and Bonus issue)
	(c) Vesting requirements	The options under each tranche will vest in the ratio of 25%, 35% and 40% at end of second, third and fourth year from the date of each grant respectively.
	(d) Exercise price or pricing formula	Rs. 22.50
	(e) Maximum term of options granted	Vesting period – as per (c) above Exercise period – 3 years from date of each vesting
	(f) Source of shares (primary, secondary or combination)	Primary shares
	(g) Variation in terms of options	None
(ii)	Method used to account for ESOP - Intrinsic or fair value.	Fair Value
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	NA

(iv) Option movement during the year:

Syngene Employee Stock Option Plan - 2011	2013[1]	2014[1]	2015	2016	2017
Number of options outstanding at the beginning of the period	2,455,855	140,275	875,227	163,100	-
Number of options granted during the year	-	-	-	-	121,500
Number of options forfeited / lapsed during the year	23,652	28,222	8,400	10,100	2,700
Number of options vested during the year	1,772,146	49,378	81,506	-	-
Number of options exercised during the year	1,365,905	30,336	51,320	-	
Number of shares arising as a result of exercise of options	1,365,905	30,336	51,320		
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 Mn)					21
Number of options outstanding at the end of the year	1,066,298	81,617	815,507	153,000	118,800
Number of options exercisable at the end of the year	1,066,298	25,186	30,186	-	-

[1] Pre-IPO Grants

(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Yes - Disclosed in Notes to Accounts – Refer note 34 to Standalone Financial Statements for the year ended March 31, 2018.
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to -	
	(a) Senior managerial personnel;	None
	(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Yeshwanth KA, Manager - Finance 6,100 options granted during the year
	(c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil

(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model; (b) the method used and the assumptions made to incorporate the effects of expected early exercise; (c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and (d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Yes - Disclosed in Notes to Accounts – Refer note 34 to Standalone Financial Statements for the year ended March 31, 2018.

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 Employees Welfare Trust
2	Details of the Trustee(s)	Murali Krishnan KN Dinesh Iyer
3	Amount of loan disbursed by company / any company in the group, during the year	Nil
4	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Rs. 46 Million
5	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6	Any other contribution made to the Trust during the year	Nil

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

(a) Number of shares held at the beginning of the year i.e. April 1, 2017 - 4,513,525.

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

(c) Number of shares transferred to the employees / sold along with the purpose thereof - 1,447,561.

(d) Number of shares held at the end of the year i.e. March 31, 2018 – 3,065,694 (a +b-c)

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

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

ANNEXURE 6

Auditors' Certificate on Corporate Governance

To
The Members of Syngene International Limited

We have examined the compliance of conditions of Corporate Governance by Syngene International Limited, for the year ended 31 March 2018, as per regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

Management' Responsibility

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

Auditor's Responsibility

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

We conducted our examination of the corporate governance compliance by the Company as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the Ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as per regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restriction on Use

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

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

S Sethuraman
Partner
Membership number: 203491

Bengaluru
25 April 2018

ANNEXURE 7

Policy on Director's Appointment and Remuneration

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

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

BACKGROUND

SECTION I

The Key Objectives of the Committee / Policy would be:

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

COMPOSITION AND MEETINGS

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

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

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

DEFINITION

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

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee

'Directors' mean Directors of the Company.

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

'Senior Management' means Senior Leadership personnel of the company excluding the Board of Directors.

SECTION II

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

ROLE AND RESPONSIBILITY OF COMMITTEE

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

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

Specifically, the responsibilities include

A. NOMINATION MATTERS

- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;

- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, Industry benchmarks and compliance;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Recommend necessary changes to the Board in line with Board Diversity Policy; and
- Considering any other matters, as may be requested by the Board.

B. REMUNERATION MATTERS

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

SECTION III

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

Appointment criteria and qualifications

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

Term / Tenure

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

Evaluation

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

Removal

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

Retirement

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

SECTION IV

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

General

- The relationship of remuneration with the performance is clear and meets performance benchmarks;
- The remuneration to the Whole-time Director and KMP will

be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration / compensation / commission etc. shall be subject to approval of the shareholders of the Company and Central Government;

- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company;
- The remuneration including increments payable to KMPs, senior management and any other employees shall involves balance between fixed and variable pay and as per the prevailing policy of the Company.

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

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

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

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

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

Remuneration to Non- Executive / Independent Director:

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

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

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

The remuneration structure for Independent directors per meeting of the Board / Committee effective April 1, 2014 is as follows –

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

Remuneration to KMPs, senior management and any other employees

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

AMENDMENTS AND UPDATIONS

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

For and on behalf of the Board

Bengaluru
April 25, 2018

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

ANNEXURE 8

Form No. MR-3

SECRETARIAL AUDIT REPORT

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

For The Financial Year ended March 31, 2018

To,
The Members
Syngene International Limited
Bengaluru

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2018 (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.

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

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

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);

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

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

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

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

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period); and

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

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

a. Drugs and Cosmetics Act 1940

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

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

d. National Biodiversity Act 2002

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

f. Narcotic Drugs and Psychotropic substance Act

g. Drugs (Control) Act, 1950

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

i. The Poisons Act, 1919

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

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

l. Radiation Protection Rules, 1971

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

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

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

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

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

Bengaluru
April 18, 2018

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, Bengaluru – 560099 Contact: Tel +91 80 6775 8781 Email: mayank.verma@syngeneintl.com
6.	Whether listed company Name, address & contact details of the Registrar & Transfer Agent, if any.	Yes Karvy Computershare Private Limited Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact: Tel +91 40 23312454; Email: einward.ris@karvy.com

Principal Business activities of the Company

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

Particulars of holding, subsidiary and associate companies

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

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

1. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	16,198	-	16,198	0.01	16,198	-	16,198	0.01	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	147,084,516	-	147,084,516	73.54	147,084,516	-	147,084,516	73.54	0.00
e) Banks / FI	-	-	-	-					-
f) Any other (Trust)	1,928,407	-	1,928,407	0.96	1,789,897	-	1,789,897	0.90	-0.06
Sub Total (A-1):	**149,029,121**	**-**	**149,029,121**	**74.51**	**148,890,611**	**-**	**148,890,611**	**74.45**	**-0.06**
(2) Foreign									
a) NRI Individual	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A-2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A-1 + A-2)	**149,029,121**	**-**	**149,029121**	**74.51**	**148,890,611**	**-**	**148,890,611**	**74.45**	**-0.06**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	2,446,010	-	2,446,010	1.22	4,087,732	-	4,087,732	2.04	0.82
b) Banks / FI	224,846	-	224,846	0.11	7,669	-	7,669	0.00	-0.11
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Alternate Investment Fund	-	-	-	-	809,200	-	809,200	0.40	0.40
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/Foreign Portfolio Investor	31,036,712	-	31,036,712	15.52	31,180,170	-	31,180,170	15.59	0.07
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	**33,707,568**	**-**	**33,707,568**	**16.86**	**36,084,771**	**-**	**36,084,771**	**18.04**	**1.18**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,936,306	-	2,936,306	1.47	2,212,412		2,212,412	1.11	-0.36
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	7,656,066	110	7,656,176	3.83	6,910,789	110	6,910,899	3.46	-0.37
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1,419,550	-	1,419,550	0.71	2,235,787	-	2,235,787	1.12	0.41
c) NBFC's registered with RBI	327	-	327	0.00	227	-	227	0.00	0.00
d) Any Others (specify)									
Non- Resident Indians	550,616	-	550,616	0.28	356,046	-	356,046	0.18	-0.10
Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Clearing Members	96,751	-	96,751	0.05	193,223	-	193,223	0.10	0.05
Trusts	40,060	-	40,060	0.02	60	-	60	0.00	-0.02
Foreign National	50,000	-	50,000	0.02	50,000	-	50,000	0.02	0.00
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	**12,749,676**	**110**	**12,749,786**	**6.37**	**11,958,544**	**110**	**11,958,654**	**5.98**	**-0.39**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**46,457,244**	**110**	**46,457,354**	**23.23**	**48,043,315**	**110**	**48,043,425**	**24.02**	**0.79**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
D. Non- Promoter non Public	**4,513,525**	**-**	**4,513,525**	**2.26**	**3,065,964**	**-**	**3,065,964**	**1.53**	**-0.73**
Grand Total (A+B+C+D)	**199,999,890**	**110**	**200,000,000**	**100.00**	**199,999,890**	**110**	**200,000,000**	**100.00**	**0.00**

2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Biocon Limited	145,217,843	72.61	-	145,217,843	72.61	-	0.00
2	Biocon Limited Employee Welfare Trust	1,928,407	0.96	-	1,789,897	0.90	-	-0.06
3	Biocon Research Limited	1,866,673	0.93	-	1,866,673	0.93	-	0.00
4	Kiran Mazumdar Shaw	7,638	0.01	-	7,638	0.01	-	0.00
5	Yamini R Mazumdar	4,000	0.00	-	4,000	0.00	-	0.00
6	Ravi R Mazumdar	1,060	0.00	-	1,060	0.00	-	0.00
7	Dev Mazumdar	3,500	0.00	-	3,500	0.00	-	0.00
	Total	**149,029,121**	**74.51**	**-**	**148,890,611**	**74.45**	**-**	**-0.06**

3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Biocon Limited**				
	At the beginning of the year	145,217,843	72.61	-	-
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year	-	-	145,217,843	72.61
2	**Biocon Research Limited**				
	At the beginning of the year	1,866,673	0.93	-	-
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year	-	-	1,866,673	0.93
3	**Biocon Limited Employee Welfare Trust**				
	At the beginning of the year	1,928,407	0.96	-	-
	Transfer during the year (ESOP)	138,510	0.06	1,789,897	0.89
	At the end of the year	-	-	1,789,897	0.89
4	**Kiran Mazumdar Shaw**				
	At the beginning of the year	7,638	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	7,638	0.01
5	**Yamini R Mazumdar**				
	At the beginning of the year	4,000	0.00	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	4,000	0.00
6	**Ravi R Mazumdar**				
	At the beginning of the year	1060	0.00	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	1,060	0.00
7	**Dev Mazumdar**				
	At the beginning of the year	3,500	0.00	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	3,500	0.00

4. Shareholding Pattern of top ten Shareholders

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

Sl. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Theleme Master Fund Limited**				
	At the beginning of the year	-	-	-	-
	Bought during the year	9,000,000	4.50	9,000,000	4.50
	At the end of the year	-	-	9,000,000	4.50
2	**Camas Investments Pte. Ltd.**				
	At the beginning of the year	-	-	-	-
	Bought during the year	4,785,000	2.39	4785000	2.39
	At the end of the year	-	-	4785000	2.39
3	**Gaoling Fund, L.P.**				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,750,443	0.88	1,750,443	0.88
	At the end of the year	-	-	1,750,443	0.88
4	**Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited**				
	At the beginning of the year	1,781,592	0.89	-	-
	Sold during the year	386,247	0.19	1,395,345	0.70
	At the end of the year	-	-	1,395,345	0.70
5	**UTI-Mid Cap Fund**				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,233,891	0.62	1,233,891	0.62
	At the end of the year	-	-	1,233,891	0.62
6	**Mondrian Emerging Markets Small Cap Equity Fund, L.P**				
	At the beginning of the year	-	-	-	-
	Bought during the year	1,064,107	0.53	1,064,107	0.53
	At the end of the year	-	-	1,064,107	0.53
7	**HSBC Global Investment Funds - Indian Equity**				
	At the beginning of the year	1,431,800	0.62	-	-
	Sold during the year	477,858	0.14	953,942	0.48
	At the end of the year	-	-	953,942	0.48
8	**Ishana Capital Master Fund**				
	At the beginning of the year	-	-	-	-
	Bought during the year	943,953	0.47	943,953	0.47
	At the end of the year	-	-	943,953	0.47
9	**Reliance Capital Trustee Co Ltd**				
	At the beginning of the year	1,100,000	0.55		
	Sold during the year	200,000	0.10	900,000	0.45
	At the end of the year	-	-	900,000	0.45
10	**Steinberg India Emerging Opportunities Fund Limited**				
	At the beginning of the year	-	-	-	-
	Bought during the year	869,153	0.43	869,153	0.43
	At the end of the year	-	-	869,153	0.43

5. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Kiran Mazumdar Shaw**				
	At the beginning of the year	7,638	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	7,638	0.01
2	**Suresh N Talwar**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
3	**Russell Walls**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
4	**Bala S Manian**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
5	**Paul F Blackburn**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
6	**Catherine Rosenberg**				
	At the beginning of the year	1,060	0.00	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	1,060	0.00
7	**Vijay Kuchroo**				
	At the beginning of the year	25,000	0.01	-	-
	Bought/Sold during the year	-	-	-	-
	At the end of the year	-	-	25,000	0.01
8	**M. B. Chinappa**				
	At the beginning of the year	-	-	-	-
	ESOP acquisition	200,000	0.10	200,000	0.10
	Sold during the year	200,000	0.10	-	-
	At the end of the year	-	-	-	-
9	**Mayank Verma**				
	At the beginning of the year	905	0.00	905	0.00
	Bought/sold during the year	-	-	-	-
	At the end of the year	-	-	905	0.00

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	7,416	648	-	8,064
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**7,416**	**648**	**-**	**8,064**
Change in Indebtedness during the financial year				
* Addition	-	300	-	300
* Reduction	(490)	-	-	(490)
Net Change	(490)	300		(190)
Indebtedness at the end of the financial year				
i) Principal Amount	6,926	948	-	7,874
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**6,926**	**948**	**-**	**7,874**

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
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	46.65	46.65
	(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	-	47.17	47.17
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others	-	-	-
	Total (A)	**-**	**93.82**	**93.82**

B. Remuneration to other directors (Rs. in Mn)

Sl. No.	Particulars of Remuneration	Name of Directors							
1	**Independent Directors**	**Russell Walls**	**Suresh Talwar**	**Paul Blackburn**	**Bala S Manian**	**Vijay Kuchroo**	**Vinita Bali [1]**	**Catherine Rosenberg**	**Total**
	Fee for attending board committee meetings	0.40	0.40	0.40	0.40	0.30	0.30	-	2.20
	Commission	2.58	2.12	2.84	2.71	2.07	1.29	-	13.61
	Total (1)	2.98	2.52	3.24	3.11	2.37	1.59	-	15.81
2	**Other Non-Executive Directors**								
	Fee for attending board committee meetings	-	-	-	-	-	-	0.30	0.30
	Commission	-	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**0.30**	**0.30**
	Total B (1 + 2)	**2.98**	**2.52**	**3.24**	**3.11**	**2.37**	**1.59**	**0.30**	**16.12**
Overall Ceiling as per the Act				Rs. 418.55 million					

Note: The details above is as on accrual basis.

[1] Vinita Bali has been appointed as an Independent Director on the board of the company with effect from July 31, 2017.

C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director (Rs. in Mn)

Sl. No.	Particulars	M.B. Chinappa (CFO)	Mayank Verma (CS)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.32	2.54	30.86
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	-	0.03
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	1.51	0.20	1.71
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others, please specify	-	-	-
	Total	**29.86**	**2.74**	**32.60**

PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties/punishment/ compounding of offences for the year ended March 31, 2018.

On behalf of the Board of Directors

Date: April 25, 2018
Place: Bengaluru

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

ANNEXURE 10

CORPORATE SOCIAL RESPONSIBILITY

[Pursuant to Section 135 of Companies Act, 2013]

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

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

CSR Committee

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

The members of the CSR Committee are-

a) Dr. Bala S Manian, Chairperson

b) Suresh N Talwar

c) Dr. Vijay Kuchroo

d) Vinita Bali

e) Prof. Catherine Rosenberg

Financial details

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

(Rs. in Mn)

Particulars	Amount
Average net profit before tax of the Company for last three financial years*	2,619.67
Prescribed CSR expenditure (2% of the average net profit as computed above)	52.39
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	52.39
Total amount spent	52.39
Amount unspent, if any	Nil

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

(Rs. in Mn)

Sl. No.	CSR project / program name	Sector	Location of project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period.	Amount spent: direct/ through external agency
(i)	Expenditure on Projects & Programs						
1	ARY Primary Healthcare Clinics	Healthcare and medical facilities	Karnataka – At Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	5.57	5.57	5.57	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	1.32	1.32	1.32	Biocon Foundation
3	E-Health – Rajasthan & Karnataka	Healthcare and medical facilities	Rajasthan & Karnataka	8.55	8.55	8.55	Biocon Foundation
4	Drinking Water Structure & RO Plant	Clean drinking water and rain water harvesting	Karnataka	0.98	0.98	0.98	Biocon Foundation

Sl. No.	CSR project / program name	Sector	Location of project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period.	Amount spent: direct/ through external agency
5	Rural development project	Rural development	Karnataka	2.07	2.07	2.07	Biocon Foundation
6	Grant to NGO	Grant to NGO	Karnataka, Telengana	9.52	9.52	9.52	Biocon Foundation
7	Lake Development Project	Environment	Karnataka	13.44	13.44	13.44	Biocon Foundation
8	Gender Equality	Gender Equality	Bengaluru	0.74	0.74	0.74	Biocon Foundation
9	Chinnara Ganitha	Education	Karnataka	6.97	6.97	6.97	Biocon Foundation
(ii)	Administrative Expenses	Office expenses	Bengaluru, Odhisha	3.23	3.23	3.23	Biocon Foundation
	Total			**52.39**	**52.39**	**52.39**	

Responsibility Statement

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

For and on behalf of the Board

Bengaluru
April 25, 2018

Kiran Mazumdar Shaw
Managing Director
DIN: 00347229

Bala S Manian
Chairperson, CSR Committee
DIN: 01327667

CORPORATE GOVERNANCE REPORT

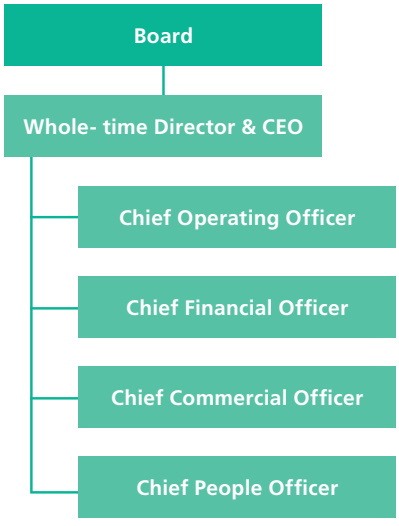
Our Corporate Governance Report reveals the philosophy of the Company and its unceasing dedication to ethical business practices across the organisation. The Report further defines the processes, controls and limits within which the Company functions.

The detailed report on corporate governance for the financial year ended March 31, 2018, as per regulation 34(3), read with Part C of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 ("SEBI Listing Regulations"), is set out below:

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

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

GOVERNANCE STRUCTURE



Comprises Executive Committee ("EC")

The Board is the apex body constituted by shareholders to oversee the Company's overall functioning. It provides strategic guidance to the management, reviews operations and ensures shareholders' long-term value.

The Whole-time Director & CEO, to whom the Company's affairs are entrusted, functions under the guidance of the Board.

He is supported by the Executive Committee (EC), comprising the Chief Operating Officer, Chief Financial Officer, Chief Commercial Officer and Chief People Officer. The CEO, together with the EC, provides strategic direction leading to a stronger and healthier organisation. They drive company-wide processes, systems and policies and act as role models for leadership development within the organisation. Additionally, they provide cross-functional and cross-business perspectives on organisational issues.

BOARD OF DIRECTORS

Board Composition and Category of Directors

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

Composition of the Board as on March 31, 2018 is as follows:

Category	Number of Directors	Percentage
Executive Directors	2	20
Non-Executive Directors	2	20
Independent Directors	6	60
Total	**10**	**100**

Role of Board of Directors

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

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 of Corporate Social Responsibility (CSR) activities;
- Related party transactions and significant changes in accounting policies and internal controls;
- Mergers or acquisitions or acquiring a controlling or substantial stake in another company;
- Recruitment and remuneration of Senior Management Personnel just below the level of Board of Directors including appointment or removal of Chief Financial Officer and Company Secretary.
- Annual operating plans, major borrowings, investments and any updates thereof;
- Quarterly and annual consolidated and standalone results for the Company;
- Update of 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;
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material; and
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer and so on.

Board Procedure

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

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

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

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

Meetings of the Board

During the financial year four meetings of the Board were held i.e. on April 27, 2017; July 27, 2017; October 25, 2017 and January 23, 2018. The gap between two Board meetings did not exceed 120 days.

The information on attendance of Directors at the Board meetings either in person or through audio visual mode during the financial year ended March 31, 2018 and at the last Annual General Meeting (AGM) is given below.

Name of the Director	Category	Number of Meetings Held	Number of Meetings Attended[1]	Attendance at AGM held on July 28, 2017
Kiran Mazumdar Shaw	Executive Director	4	4	Yes
Jonathan Hunt[2]	Executive Director & CEO	3	3	Yes
John Shaw	Non-Executive Director	4	4	Yes
Prof. Catherine Rosenberg	Non-Executive Director	4	3	Yes
Peter Bains[3]	Non-Executive Director	1	1	NA
Russell Walls	Independent Director	4	4	Yes
Suresh Talwar	Independent Director	4	4	Yes
Paul Blackburn	Independent Director	4	4	Yes
Bala S. Manian	Independent Director	4	4	No
Vijay Kuchroo	Independent Director	4	3	No
Vinita Bali[4]	Independent Director	2	2	NA

Note:

[1] Includes meetings attended through audio visual mode.

[2] Inducted on Board as Whole-time Director w.e.f. May 1, 2017.

[3] Director up to April 27, 2017.

[4] Inducted on Board of the Company w.e.f. July 31, 2017.

Composition of the Board and details of Directorship and Committee Membership/Chairmanship held in other Companies as on March 31, 2018 are as follows:

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

Note:

[1] Inducted on Board of the Company w.e.f. July 31, 2017.

[2] 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 mem bership of more than ten Committees nor is any Director the Chairman of more than five Committees across all companies where he/she holds Directorships.

Disclosure of Relationships between Directors Inter se

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

Shareholding of Non-Executive Directors

As on March 31, 2018, the following Non-Executive Directors of the Company i.e. Russell Walls, Suresh Talwar, Paul Blackburn, Vijay Kuchroo and Bala S. Manian, held 25,000 equity shares each, while Prof. Catherine Rosenberg, jointly with Prof. Ravi Mazumdar, held 1,060 equity shares of the Company. None of the other Non-Executive Directors hold any equity shares or non-convertible instruments in the Company.

Independent Directors Meeting

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

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

Companies Act, 2013 and Rules thereunder mandate that the Independent Directors of the Company hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of Management. The Independent Directors, at its meeting held on January 23, 2018, evaluated the performance of the Chairperson, Non-Independent Directors and the Board. Independent Directors also reviewed the quality, quantity and timeliness of flow of information between the management and board of directors.

Details of Familiarisation Programmes Imparted to Independent Directors

Complying with rule 25(7) of SEBI Listing Regulations, familiarisation programmes to empower Independent Directors with the knowledge of Syngene's business and operations were conducted during the financial year. Further, under the 'Director's Education Programme', latest developments affecting the Company and the Contract Research Organisation ("CRO") industry and functions of various business units/verticals were presented to the Directors by the Senior Management team. Further, under the 'Director Induction Programme', newly appointed directors are appraised to the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, facility tour, among others. The details of such programmes are available at http://www.syngeneintl.com/investor-relations/corporate-governance.

Board Evaluation

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

- The Board: Composition, structure, meetings, functions, management and professional development, among others.

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

A structured questionnaire was used to capture responses online.

A 360-degree feedback-cum-assessment of individual Directors, the Board and its Committees was discussed by Independent Directors and Board at their meeting held on January 23, 2018 and collective action points for improvement were put in place. The Directors acknowledged the effective 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.

BOARD COMMITTEES

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

The various Board-level committees are:

- Audit and Risk Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee

AUDIT AND RISK COMMITTEE

The Board, on October 19, 2011, constituted the Audit and Risk Committee in accordance with Section 177 of the Companies Act, 2013 and SEBI Regulations 2015. Our Audit and Risk Committee comprises three Independent Directors as on March 31, 2018.

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

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

Terms of Reference

The Audit and Risk 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 roles and responsibilities of the Committee include:

- Overseeing the Company's financial reporting process and the disclosure to ensure that the financial statement is correct, sufficient and credible;
- Recommending appointment, remuneration and terms of appointment of auditors of the Company;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for their approval;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Evaluating internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors and the adequacy of internal control systems;
- Reviewing the adequacy and effectiveness of internal audit function, reporting structure coverage and frequency of internal audits;
- Reviewing and approving related party transactions, including any modification;
- Reviewing and approving foreign exchange transactions;
- Scrutinising inter-corporate loans and investments;
- Conducting valuation of undertakings or assets of the listed entity, wherever it is necessary;
- Approving appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the functioning of the whistle-blower/vigil mechanism; and
- Any other matters as specified by law.

The Audit and Risk 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; and
- Review of appointment, removal and terms of remuneration of the Chief Internal Auditor
- Statement of deviations, if any.

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

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

During the financial year, four meetings of the Committee were held i.e. on April 26, 2017; July 26, 2017; October 25, 2017 and January 23, 2018.

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

Paul Blackburn, Chairman of the Audit and Risk Committee, was present at the AGM of the Company held on July 28, 2017.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board, on July 23, 2014, constituted Stakeholders Relationship Committee in accordance with Section 178 (5) of the Companies Act, 2013 and SEBI Listing Regulations. Our Stakeholders Relationship Committee comprises three Independent Directors as on March 31, 2018.

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

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

Terms of Reference

The Stakeholders Relationship Committee looks into the redressal of grievances of investors or other security holders relating to transfer of shares, non-receipt of declared dividends, non-receipt of Annual Reports, among others.

During the financial year, four meetings of the Committee were held i.e. on April 26, 2017; July 26, 2017; October 25, 2017 and January 23, 2018.

Suresh Talwar, Chairman of the Stakeholders Relationship Committee, was present at the AGM of the Company held on July 28, 2017.

Details of Shareholders Complaints

The details of shareholders' complaints received and resolved during the financial year ended March 31, 2018 are as under:

Opening Balance	Received during the financial Year	Resolved during the financial Year	Outstanding as on March 31, 2018*
Nil	20	19	1

*Complaint received during last week of March 2018 and resolved in the first fortnight of April 2018.

Compliance Officer

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

Role of Company Secretary

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In terms of Section 135 of the Companies Act, 2013, the Board, on October 23, 2013, constituted a Corporate Social Responsibility (CSR) Committee. Our CSR Committee comprises four Independent Directors and one Non-Executive Director as on March 31, 2018.

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

Name of the Member	Category	Designation	Number of Meetings Held	Number of Meetings Attended
Bala S. Manian	Independent Director	Chairman	2	2
Suresh Talwar	Independent Director	Member	2	2
Vijay Kuchroo	Independent Director	Member	2	2
Vinita Bali[1]	Independent Director	Member	1	1
Prof. Catherine Rosenberg	Non-Executive Director	Member	2	2

Note:
[1] Appointed as member of the Committee w.e.f. July 31, 2017.

Terms of reference

a. 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;

b. To recommend the amount of expenditure to be incurred on CSR activities; and

c. To monitor the Company's CSR policy from time to time.

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

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

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

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

During the financial year, two meetings of the Committee were held i.e. on April 27, 2017 and October 25, 2017. The CSR Report as required under the Companies Act, 2013 for the year ended March 31, 2018 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, 2015. Our Nomination and Remuneration Committee comprises four Independent Directors and one Non-Executive Director as on March 31, 2018.

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

Name of the Member	Category	Designation	Number of Meetings Held	Number of Meetings Attended
Bala S. Manian	Independent Director	Chairman	3	3
Suresh Talwar	Independent Director	Member	3	3
Vijay Kuchroo	Independent Director	Member	3	3
Vinita Bali[1]	Independent Director	Member	2	2
Prof. Catherine Rosenberg	Non-Executive Director	Member	3	1

Note:
[1] Appointed as member of the Committee w.e.f. July 31, 2017.

Terms of Reference

- To review the Board structure, size and composition and make recommendation for any change;
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- To formulate the criteria for evaluation of performance of Independent Directors and the Board;
- To identify persons who are qualified to become Directors and who may be appointed in the Senior Management team in accordance with the criteria laid down and recommend to the Board their appointment and/or removal;
- Whether to extend or continue the term of appointment of the Independent Directors, based on their performance evaluation report;
- To devise a policy on diversity of Board of Directors;
- To analyse, monitor and review various human resource and compensation matters; and
- To undertake overall supervision and administration of Employee Stock Option Plan of the Company.

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

During the financial year, three meetings of the Committee were held i.e. on April 26, 2017; October 25, 2017 and January 23, 2018.

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

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

REMUNERATION OF DIRECTORS

Pecuniary Relationship or Transactions of the Non-Executive Directors

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

Criteria for Making Payment to Non- Executive Directors

The roles of Non-Executive/Independent Directors are not just restricted to corporate governance or outlook of the Company, but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as marketing, technology, corporate strategy, human capital, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, human resource and legal or intellectual property from time to time. Hence, the compensation to the Non-Executive/ Independent Directors are 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 Independent Directors of the Company are paid remuneration as detailed below by way of commission, which was approved by the Board and subsequently by the shareholders at an Extraordinary General Meeting held on September 11, 2014. The overall limit is 1% per annum of net profits of the Company calculated as per the provision of Section 198 of the Companies Act, 2013, for remuneration by way of commission payable to the Non-Executive Independent Directors of the Company.

Sl. No.	Particulars	Amount in USD
1	Board meeting fee	5,000
2	Chairperson fee – Audit and Risk Committee	3,000
3	Member fee – Audit and Risk Committee	2,000
4	Chairperson fee – Nomination and Remuneration Committee; CSR Committee	2,000
5	Member fee – Nomination and Remuneration Committee; CSR Committee	1,000

Besides the above commission, Foreign Independent Directors are also paid travel allowance of USD 4,000 in case of travel from the US 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, the Non-Executive Directors were paid a consolidated sitting fee of Rs. 1 Lac each quarter for attending the Board and Committee meetings.

Compensation to Executive Directors

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

The shareholders, at their 24th AGM held on July 28, 2017, had appointed Jonathan Hunt as the Whole-time Director of the Company, not liable to retire by rotation and for a period of five years effective from May 1, 2017. His appointment is on such terms and conditions, including remuneration, subject to the limit of 5% of the net profit of the Company. The remuneration includes annual base pay subject to performance-linked increment, variable pay linked to Company's performance, long-term incentives, including stock options, and perquisites and other allowances as per the Company's policy and approved by the Board.

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

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

The details of remuneration and sitting fees paid or provided to all the Directors during the financial year ended March 31, 2018 are as under:

(Rs. in Mn)

Name of the Director	Salary and Perquisites			Others		Total
	Fixed Pay + Bonus	Stock Options	Retrial Benefits[1]	Commission	Sitting Fees	
Kiran Mazumdar Shaw	-	-	-	-	-	-
Jonathan Hunt[2]	46.65	47.17	-	-	-	93.82
John Shaw	-	-	-	-	-	-
Prof. Catherine Rosenberg	-	-	-	-	0.30	0.30
Russell Walls	-	-	-	2.58	0.40	2.98
Suresh N Talwar	-	-	-	2.12	0.40	2.52
Paul F Blackburn	-	-	-	2.84	0.40	3.24
Bala S. Manian	-	-	-	2.71	0.40	3.11
Vijay Kuchroo	-	-	-	2.07	0.30	2.37
Vinita Bali	-	-	-	1.29	0.30	1.59

Note: The details above are as on accrual basis.

[1] 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.

[2] Remuneration includes contribution towards provident fund of Rs. 3 mn relating to prior period.

Service Contracts, Notice Period and Severance Fees

As on March 31, 2018, 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 will be eligible for severance fees equivalent to three months' notice. However, other Directors are not subject to any notice period and severance fees.

GENERAL BODY MEETINGS

Location and Time of the Last Three AGMs

The location and time of the last three AGMs are as detailed below:

Sl. No.	Financial Year	Date and Time	Location	Special Resolution Passed
1	2014-15	June 22, 2015 10:00 a.m.	Walter Gilbert Room, Biocon Limited, 20KM, Hosur Road, Bengaluru – 560 100	Amendment to Syngene Employee Stock Option Plan – 2011
2	2015-16	June 30, 2016 2:00 p.m.	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru – 560 099	-
3	2016-17	July 28, 2017 2:00 p.m.	Tyler Jacks Auditorium, Biocon Park SEZ, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru – 560 099	Re-appointment of Russell Walls as Independent Directors for a period of three year. i.e. till the conclusion of the 27th AGM

Details of Postal Ballot during the Financial Year along with Voting Pattern

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

MEANS OF COMMUNICATION

The quarterly, half-yearly and annual financial results are sent to the Stock Exchanges immediately after the Board's approval. These results are also published in Financial Express, a national daily, and Vijayavani, a regional daily. The results along with presentations made by the Company to analysts are also posted on the Company's website at www.syngeneintl.com. The website also displays all official news releases from time to time. The Company organises investor conference calls to discuss its financial results every quarter where investor queries are answered by the Management of the Company. The transcripts of these conference calls are available on our website.

GENERAL SHAREHOLDER INFORMATION

Day and Date of Annual General meeting	Wednesday, July 25, 2018
Time	2:30 p.m.
Venue	Tyler Jacks Auditorium, Biocon Research Centre, Biocon Park, Special Economic Zone, Bommasandra, Jigani Link Road, Bengaluru – 560 099
Financial year	1st day of April to 31st day of March in the next calendar year
Remote E-voting period	July 20, 2018 to July 24, 2018
Dividend payment date	August 1, 2018
Date of Book Closure / Record Date / Cut-off	July 18, 2018
Listing of 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 /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 FY 2018-19 (tentative dates)	
Quarter ending	**Meeting date**
June 30, 2018	July 25, 2018
September 30, 2018	October 24, 2018
December 31, 2018	January 22, 2019
March 31, 2019	April 24, 2019

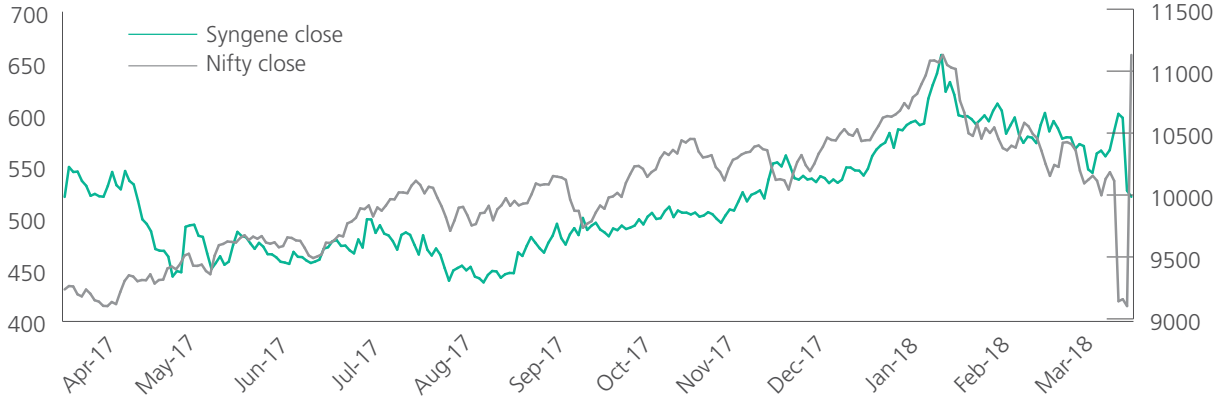
Market Price Data for FY18

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, 2017 to March 31, 2018 is given below:

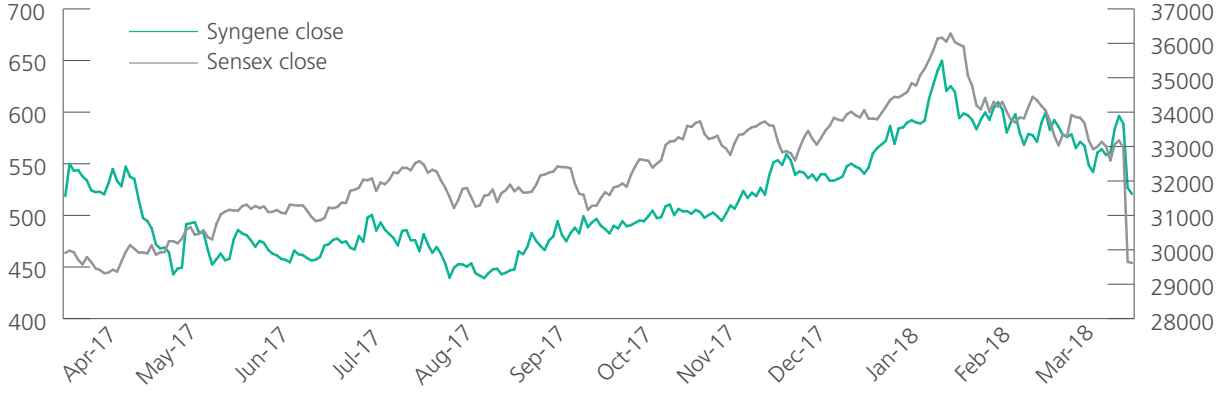
Months	NSE			BSE		
	High Price (Rs.)	Low Price (Rs.)	Volume of Equity Shares	High Price (Rs.)	Low Price (Rs.)	Volume of Equity Shares
Apr/17	564.00	508.00	2,091,487	564.00	508.60	389,116
May/17	518.35	441.25	4,615,717	524.75	441.10	9,806,955
Jun/17	493.35	451.05	2,421,572	492.75	452.25	451,192
Jul/17	509.00	464.75	2,840,943	508.00	465.00	1,115,567
Aug/17	484.00	430.10	1,393,061	483.55	430.00	224,419
Sep/17	511.80	442.10	2,560,497	510.00	441.00	5,396,896
Oct/17	517.90	481.00	1,759,485	518.65	480.20	266,746
Nov/17	559.00	488.70	3,159,343	558.00	491.75	3,659,014
Dec/17	578.30	514.70	2,794,067	570.15	514.95	271,302
Jan/18	672.00	538.70	6,293,479	670.00	539.40	1,510,763
Feb/18	615.00	560.00	1,466,031	615.60	545.00	198,426
Mar/18	624.70	535.90	2,492,342	623.95	534.30	368,660

Relative Movement Chart

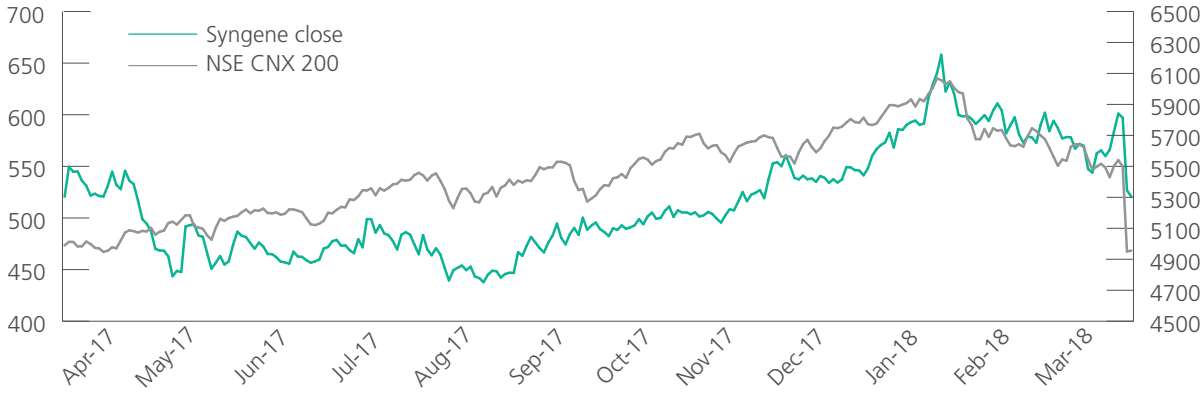
Syngene and S&P Nifty Share Price Movement from April 1, 2017 to March 31, 2018



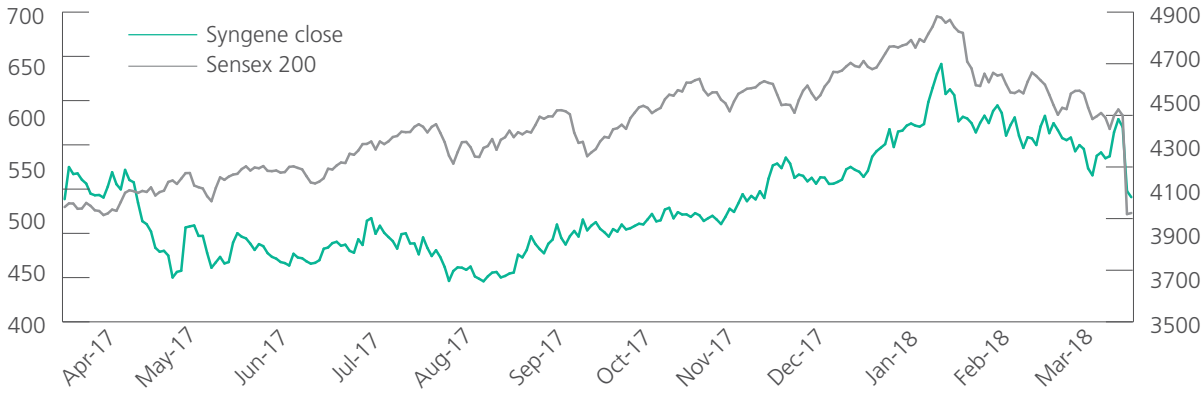
Syngene and BSE Sensex Share Price Movement from April 1, 2017 to March 31, 2018



Syngene and S&P CNX 200 Share Price Movement from April 1, 2017 to March 31, 2018



Syngene and BSE S&P 200 Share Price Movement from April 1, 2017 to March 31, 2018



As on March 31, 2018, the securities of the Company is not suspended from trading.

Registrar to an Issue and Share Transfer Agents

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

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

Share Transfer System

All the Company's shares are held in dematerialised form, except for 110 shares that were in physical form as on March 31, 2018. The Stakeholders Relationship Committee approves the transfer of shares in the physical form as per the time limits and procedure specified in Regulation 40 of SEBI Listing Regulations. There are no shares in demat suspense account and unclaimed suspense account as on March 31, 2018.

Distribution of Shareholding by Number of Shares

Sl. No.	Category	Number of Shares	% to Equity
1	Promoters	148,890,611	74.45
2	Foreign Institutional Investors	31,989,370	15.99
3	NRI & Foreign Nationals	406,046	0.20
4	Mutual Funds, Banks and Foreign Investors	4,095,401	2.05
5	Directors	125,000	0.06
6	Corporate Bodies	2,212,639	1.11
7	Indian Public and Others	9,214,969	4.61
8	Non-Promoter Non-Public	3,065,964	1.53
	Total	**200,000,000**	**100.00**

List of Shareholders Holding More than 1% of the Paid-up Share Capital as on March 31, 2018

Sl. No.	Name	Shareholding	% to Paid-up Capital
1	Biocon Limited	145,217,843	72.61
2	Theleme Master Fund Limited	9,000,000	4.50
3	Camas Investments PTE Limited	4,785,000	2.39
4	Syngene Employee Welfare Trust	3,065,964	1.53
	Total	**162,068,807**	**81.03**

Distribution of Shareholding by Number of Shares

Sl. No.	Category	No. of Shareholders	Total Shares	% to Shareholders	% to Paid-up Share Capital
1	Upto 1-5000	40,944	3,197,949	94.31	1.60
2	5001-10000	1,369	981,786	3.15	0.49
3	10001-20000	423	623,066	0.97	0.31
4	20001-30000	148	373,433	0.34	0.19
5	30001-40000	93	324,977	0.21	0.16
6	40001-50000	64	300,534	0.15	0.15
7	50001-100000	157	1,115,355	0.36	0.56
8	100001 and above	217	193,082,900	0.50	96.54
	Total	**43,415**	**200,000,000**	**100.00**	**100.00**

Dematerialisation of Shares and Liquidity

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

Other Outstanding Instruments

There are no outstanding GDR/ADR/warrants/any convertible instruments as on March 31, 2018.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company has Foreign Exchange Risk Management Policy and 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 on March 31, 2018

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 investors initiatives has sent the reminder letters to all stakeholders to claim the below-mentioned unclaimed amount during March 2018. 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 on March 31, 2018 (in Rs.)	Due Date for Transfer of Unclaimed Dividend Amount to IEPF (IEPF rule 3(1))
1	2015-16	IPO Refund	NA	1,109,400	August 5, 2022
2	2015-16	Interim Dividend	1.00	65,483	April 16, 2023
3	2016-17	Final Dividend	1.00	55,288	September 1, 2024

Plant Locations

Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area, Phase IV,
Jigani Link Road, Bengaluru – 560099

113-C – 2, Bommasandra Industrial Area, Attibele, Hobli, Anekal Taluk,
Bengaluru – 560099

Address for Correspondence

Financial Disclosure Correspondence
M.B. Chinappa
President – Finance & Chief Financial Officer
Tel: 91 80-2808 3901
E-mail id: mb.chinappa@syngeneintl.com

Corporate Governance and Compliance
Mayank Verma
Company Secretary and Compliance Officer
Tel.: 91 80-6775 8781
E-mail id: mayank.verma@syngeneintl.com

Media and Corporate Communications
Sandeep Nair
Corporate Communications
Tel: 91 80-6775 8775
E-mail id: sandeep.nair@syngeneintl.com

Investor Relations Correspondence (Investors and Research Analysts)
Chanderlekha Nayar
Investor Relations
Tel: 91 80-6775 8821
E-mail id: chanderlekha.nayar@syngeneintl.com

Correspondence Address
Registered Office
Syngene International Limited
Biocon Park SEZ, Biocon Park, Bommasandra Industrial Area,
Phase IV, Jigani Link Road, Bengaluru – 560 099
Tel: 91 80-6775 5000
E-mail id: investor@syngeneintl.com

Registrar and Share Transfer Agent
Karvy Computershare Private Limited
(Unit: Syngene International Limited),
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
Tel: 91 040-6716 1518
E-mail id: einward.ris@karvy.com

OTHER DISCLOSURES

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

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

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

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

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

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

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

The Company's Whistle Blower Policy allows employees, directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, non-compliance of code of conduct of the Company or any other unethical practices. The Policy provides adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns to the Integrity Committee and also provides an option of direct access to the Chairperson, Audit and Risk Committee. Syngene has engaged "In Touch India, Ernst & Young" to provide online platform to raise complaints by the

whistle blower. During the year, none of the personnel have been denied access to the Chairman of the Audit and Risk Committee.

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

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

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

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

The Company fulfills 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 and Risk Committee.
- Separate persons hold the post of Chairperson & Managing Director and Chief Executive Officer.

Disclosure of Accounting Treatment

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of 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, 2018. These financial statements were authorised for issuance by the Board on April 25, 2018.

CEO and CFO Certification

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

Corporate Governance Compliance Certificate

As required under Schedule V (E) of the SEBI Listing Regulations, the corporate governance compliance certificate from M/s B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W100022), Statutory Auditors of the Company, is annexed with the Directors' Report as Annexure 6.

Code of Conduct

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

All the members of the Board and Senior Management have affirmed compliance to the Code as on March 31, 2018.

Declaration by the CEO on Code of Conduct

This is to confirm that the Company has adopted the Code of Ethics and Business Conduct, which is applicable to all Directors, officers and employees of the Company and the Code is available on the Company's website.

I hereby confirm that all the members of the Board 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, 2018.

For **Syngene International Limited**

Date: April 25, 2018
Place: Bengaluru

Jonathan Hunt
Whole-time Director & CEO

BUSINESS RESPONSIBILITY REPORT 2017-18

Syngene is ensuring sustainable value creation for all its stakeholders in a responsible manner through responsible business practices. In addition to partnering with organisations in developing world-class products for an improved society, Syngene also puts environment, social responsibilities and good governance at the heart of everything it does. The Business Responsibility Report (BRR) illustrates the Company's efforts towards creation of enduring value for all its stakeholders, both internal as well as external, in a responsible manner. This Report covers Syngene's operations and is aligned with National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs and is in accordance with Regulation 34(2)(f) of SEBI Listing Regulations 2015.

Section A: General Information about the Company

- Corporate Identity Number: L85110KA1993PLC014937
- Name of the Company: Syngene International Limited
- Registered address: Biocon SEZ, Biocon Park, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru – 560 099
- Website: www.syngeneintl.com
- Email-id: investor@syngeneintl.com
- Financial year reported: April 1, 2017 to March 31, 2018
- Sector(s) that the Company is engaged in (industrial activity code-wise): Scientific Research & Development (NIC code 72).
- Three key products/services that the Company manufactures/provides (as in B/s)
  - Discovery Services
  - Development Services
  - Integrated Discovery and Development Services
- Total number of locations where business activity is undertaken by the Company
  - (a) Number of International Locations – Nil
  - (b) Number of National Locations – Five operational units in Bengaluru
- Markets served by the Company – Syngene provides its services to a global clientele spread across 30+ countries

Section B: Financial Details of the Company

(Rs. in Mn)

Sl. No.	Particulars	Details as on March 31, 2018
1.	Paid-up capital	Rs. 2,000
2.	Total turnover (revenue from operations)	Rs. 14,849
3.	Total profit after tax	Rs. 3,051
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, page 73
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annexure 10 of the Board's Report, page 73

Section C: Other Details

Sl. No	Particulars	
1.	Does the Company have any Subsidiary Company/ Companies?	Yes, please refer annexure 1 of Board's report
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary 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: Whole-time Director & CEO

b) Details of the BR Head:
Jonathan Hunt, Whole-time Director & CEO, along with the Executive Committee, oversees the BR implementation. However, the Company currently does not have a BR Head.

Principles Covered under the Business Responsibility Report

Sl. 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
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	CSR Policy
P5	Businesses should respect and promote human rights	Code of Ethics and Business Conduct, HR Policies
P6	Business should respect, protect and make efforts to restore the environment	EHSS Policy
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	CSR Policy
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	IT Policies, Quality Policy and Data Integrity Policy

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

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

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

1. Governance Related to BR

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

P. No.	Description	Response
Principle 1 – Ethics, Transparency and Accountability		
1.1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?	Syngene is committed to observing good corporate governance practices. Its corporate governance framework is an integral element of the organisational culture and covers the Company and its Suppliers/Contractors/Others. It has adopted a policy on Code of Ethics and Business Code, which is applicable to all employees and Directors to guide them to conduct business in an ethical, responsible and transparent manner.
1.2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company's Whistle Blower Policy allows employees, Directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, 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 and also provides an option of direct access to the Chairperson, Audit and Risk 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 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 – Product Life Cycle Safety and Sustainability		
2.1	List up to three 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 resource at various stages of its operation. During the year, the electricity consumption has increased owing to the addition of new facilities. Below is the reduction shown based on the internal performance monitoring:
	(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?	**Laboratory Footprint** **Particulars** / **FY17** / **FY18** Electrical Units Consumed: 29.83 Units/sq ft. / 33.9 Units/sq ft. Water: Raw Water: 0.019 KL /sq ft. Processed Water: 0.055 KL/sq ft. / Raw Water: 0.017 KL /sq ft. Processed Water: 0.048 KL/sq ft. Steam: 0.008 Ton /sq ft. / 0.014 Ton /sq ft. **Equipment Occupancy** **Particulars** / **FY17** / **FY18** Electrical Units/KL of reactor occupancy: 552 Units /KL of reactor occupancy / 441 Units /KL of reactor occupancy
	(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	We offer services to clients who further take it to customers. Hence, there are no established monitoring mechanism to ascertain reduction in energy and water usage by consumers.
2.3	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	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 FY18, 78% of the procurement was from domestic vendors.

P. No.	Description	Response
2.4	Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the 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% and >10%). Also, provide details thereof, in about 50 words or so.	Syngene is accredited with ISO 14001: 2015 and OHSAS 18001: 2007 certification from TUV Nord. It has successfully implemented various measures aimed at optimising, recycling, recovering and reusing resources and is working towards achieving 'Zero Liquid Discharge' at the site. The waste generated in its research laboratories and manufacturing facilities is transferred to its tertiary effluent treatment plant and the treated water is recycled for use in utilities and landscaping as per prescribed norms. The Company has also put in place systems and processes to actively recover solvents used in the manufacturing process and reuse them in the best possible manner in line with regulatory guidelines. During the financial year, about 70% solvents were recycled and reused.

Principle 3 – Employee Well-being

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

3.1	Please indicate the total number of employees.	4,138
3.2	Please indicate the total number of employees hired on contractual/ casual basis.	660
3.3	Please indicate the total number of permanent women employees.	823
3.4	Please indicate the number of permanent employees with disabilities.	1
3.5	Do you have an employee association that is recognised by the 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 or sexual harassment in the last financial year and pending, as on the end of the financial year.	During FY18, 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 the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All sexual harassment complaints are diligently reviewed and investigated by an Internal Complaints Committee constituted under the Prevention of Sexual Harassment Policy. The summary of the complaints received and resolved during the financial year is given below:

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour / involuntary labour	0	0
2	Sexual harassment	1	0
3	Discriminatory employment	0	0

P. No.	Description	Response
3.8	What percentage of your under mentioned employees were given safety and skill upgradation 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 advances 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	40%	54%
Permanent women employees	41%	34%
Casual/temporary employees and workers	75%	59%
Employees with disabilities	NA	NA

Principle 4 – Stakeholder Engagement		
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, suppliers and distributors, Government and regulators and local communities.
4.2	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?	Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders and through Biocon Foundation, it undertakes various initiatives for the benefit of these communities. For more details, please visit http://www.bioconfoundation.org/.
4.3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.	Social responsibility is integral to Syngene's corporate spirit. The Company engages with the disadvantaged, vulnerable and marginalised stakeholders through various programmes at the national and state levels. Primary healthcare, potable water, education programmes, sanitation, women's empowerment programmes, environmental sustainability and rural development programmes were undertaken during FY18. The Company also undertakes projects under Schedule VII of the Companies Act, 2013. All CSR activities for FY18 were executed through Biocon Foundation. Please refer the 'Corporate Social Responsibility' section of the Director's Report of Annual Report 2017-18 for more information.
Principle 5 – Human Rights of Stakeholders		
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?	None
Principle 6 – Environmental Protection		
6.1	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures /Suppliers / Contractors /NGOs/ others?	Syngene supports environmental protection through its EHSS policy. The policy is applicable to the Company, its subsidiary and its employees. The policy and principles are also communicated to all its stakeholders.
6.2	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Yes/No. If yes, please provide the hyperlink for the webpage, etc.	Syngene, as a responsible R&D partner, believes in practicing the highest standards of EHSS by complying with all applicable local laws and regulations. The detailed EHSS policy can be accessed at www.syngeneintl.com. As a responsible corporate entity, the Company is committed towards managing climate change and global warming. With the help of latest technologies and a well-paved EHSS policy, it strives to combat climate change and global warming through energy and water conservation and by reducing, reusing and recycling waste.

P. No.	Description	Response
		Key initiatives towards addressing environmental issues during FY18 include: a. The Company sent 16 tonnes of waste for composting. b. An upgraded internal manifest for waste disposal attaching responsibility and accountability was introduced. c. More high-pressure water jet pumps were installed to reduce water usage. d. Syngene implemented reusable lids (reduction of waste). e. It adopted trapping flask to reduce exposure to solvent. f. Improvised SOP for handling pyrophoric chemicals was introduced and training programmes in this direction were conducted towards reducing fire hazards. g. LED lights were used in the office areas and laboratories wherever feasible to reduce power consumption and improve energy conservation. h. Alternate chemicals were used in place of highly hazardous chemicals, replacing resources for better environment. i. Metal beads were used instead of oil for reaction heating to reduce waste oil generation. j. Chemical sweep programme was undertaken for cold rooms to minimise waste and fire risk. k. Reverse phase purification was implemented to reduce solvent consumption at R&D. l. The Company successfully moved many of its operations to paperless electronic documentation with the aim of becoming a 'paper less' organisation in future. m. It continues to pursue the philosophy of 'Zero Liquid Discharge' (reusing treated effluent for gardening and utilities).
6.3	Does the Company identify and assess potential environmental risks? Yes/No.	Yes. Syngene carries out an extensive and exhaustive risk assessment procedure before commencing a project. Either with the assistance of an in-house or an external team, it conducts detailed risk assessment regarding facility, infrastructure, equipment and raw materials to identify hazards associated with the processes. Once identified, these can be eliminated or mitigated using appropriate measures. The Company also puts administrative control in place through extensive documentation and checklists listing hazards and timelines for mitigation, attaching a responsible person for the same. In addition to risk assessment, all risks associated with the environment have been checked through Aspect Impact Analysis.
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, and others? Yes/No. If yes, please provide the hyperlink for the web page, etc.	Yes, visit our website at http://www.syngeneintl.com/about-syngene/environment-health-and-safety.
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's emissions/waste generated by its laboratories and plants are within the permissible limits given by CPCB/SPCB for the financial year being reported. The waste generated at our research centres are disposed/treated as per regulatory norms and guidelines.
6.7	Number of show cause/ legal notices received from CPCB/SPCB that are pending (i.e. not resolved to satisfaction) as on end of FY18.	None
Principle 7 – Responsible Policy Advocacy		
7.1	Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.	Syngene is committed to contributing in the development of the CRO industry by partnering with 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).

P. No.	Description	Response
7.2	Has the Company advocated/lobbied through the above associations for the advancement or improvement of public goods? 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 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.
Principle 8 – 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, please provide details thereof.	Syngene goes beyond the business case for CSR and adopts a more proactive moral case for action. The Company works primarily through Biocon Foundation, towards supporting projects in primary healthcare, education, environmental sustainability and rural development. Most of the programmes undertaken during the year were at the national and state levels. For more details, please refer Annexure 10 of Board's Report, page 73.
8.2	Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/ Government structures/any other organisation?	Syngene's CSR initiatives are executed through Biocon Foundation, a registered body under the Indian Trust Act.
8.3	Has the Company conducted any impact assessment of its initiative?	For impact assessment, please visit http://www.bioconfoundation.org/.
8.4	What is the Company's direct contribution to community development projects – amount in INR and the details of the projects undertaken?	During the financial year 2018, Syngene contributed Rs. 52.39 Mn towards its CSR initiatives. For more details, please refer Annexure 10 of Board's Report, page 73.
8.5	Has the Company taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.	Yes. The steps taken to ensure that the programmes are successfully adopted by the community can be illustrated with a few examples: • Children from class I to VII of Thithimati Govt. School, Coorg, who participated in a school enrichment programme in the areas of communication, life skills, arts and crafts, digital literacy and games are responding well to the programme. • The only park that serves the population of Hebbagodi has been completely levelled and fenced. Paths and gardens have been properly laid and children play equipment were installed. • Cancer screening in low resource settings and quality care and referral has encouraged more individuals to participate in the screening process. During FY18, population-based screening was undertaken in the remote rural areas of Karnataka, Rajasthan and Nagaland.
Principle 9 – Customer Value Creation		
9.1	What percentage of customer complaints/consumer cases are pending as on the end of FY18?	A customer complaints redressal system has been set up to effectively document and address any customer compliant in an efficient and timely manner. During the financial year, 10 customer complaints were received, out of which 4 (40%) were pending as on March 31, 2018.
9.2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes /No /NA/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 on the end of the financial year. If so, provide details thereof, in about 50 words or so.	None
9.4	Did the Company carry out any consumer survey/ consumer satisfaction trends?	Syngene provides scientific solutions to a global customer base of over 300 companies across various industry segments, including pharmaceuticals, biotechnology, nutrition, animal health, agro chemicals, consumer products and others. It regularly interacts with its customers to get their feedback on services and deliverables.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGING R&D ENVIRONMENT

According to a World Economic Outlook Report published by the International Monetary Fund (IMF) in January 2018, the global economy is expected to grow by 3.9% in 2018, compared to 3.7% in 2017. Increasingly, greater focus on R&D-driven innovation is seen as a key driver for delivering economic growth. Empirical studies have shown that increasing Gross Domestic Expenditure on R&D (GERD) as a percentage of GDP is an indicator of the competitiveness of a country's economy and growth.

Global R&D investments are expected to increase by 4.14% in 2018 to USD 2.19 trillion on a Purchasing Power Parity (PPP) basis, compared to 3.4% growth in 2017. The life sciences industry continues to be one of the major investors in R&D and is expected to account for more than USD 180 Bn[1] in 2018, growing at about 4% per year. Life sciences R&D involves the development of pharmaceuticals, biotech products, agricultural products, medical devices and animal testing and research.

THE R&D CHALLENGE

As economic growth trends improve, the increased focus on investment in R&D is expected to continue across both the life sciences and non-life sciences sectors. At the same time, these sectors face ongoing challenges in improving the Return on Investment (ROI) of investments in R&D, often brought about through a combination of pricing pressure, the need to invest in new capabilities to keep pace with advances in technology and heightened regulatory scrutiny that have increased the duration, cost and complexity of conducting research into new products.

In order to overcome these challenges while delivering on the potential of innovation companies are increasingly seeking to partner their R&D activities to integrated Contract Research Organisations (CROs).

CRO INDUSTRY

Integrated CROs provide services across the discovery, development and manufacturing stages of the lifecycle of a new life science product. These same services and capabilities can also support scientifically focussed non-life sciences industries and help them to not only reduce costs but also increase their scope for innovation. Increasingly, in addition to traditional project delivery related activities, clients are engaging CROs to provide value added services, data-driven insights and to help them navigate the changing drug development landscape to deliver the next generation of medicines.

This move to more complex, added value services is changing the client-CRO relationship from being primarily a service provider to becoming a strategic partner.

The global CRO market value for drug discovery and development stood at USD 32 Bn in 2017 and is expected to reach USD 45 Bn[2] by 2022.

As the cost and complexities of developing new therapies continue to rise, companies will increasingly look to collaborate with integrated CROs like Syngene that have the scale, technology and expertise to drive efficiency into the discovery research and development process.

SYNGENE'S PERFORMANCE REVIEW

Operational Performance

Syngene's business is broadly categorised into three main business verticals: Dedicated R&D Centres, Discovery Services and Development and Manufacturing Services.

Dedicated R&D Centres: During FY18, Syngene's Dedicated R&D Centres continued to gain excellent traction with the expansion and extension of our collaborations with Bristol-Myers Squibb (BMS) and Amgen Inc. The distinctive feature of this vertical is its ability to offer complex services, at scale, that are tailor-made to the client's specific requirements and then to integrate that capability into the clients own R&D processes, systems and culture to make it an integral part of their own R&D network.

As part of our strategic collaboration with Amgen, the scientific team at the Syngene Amgen Research and Development Centre (SARC) was strengthened by increasing the headcount from 100 to 185 scientists. Additionally, the supporting infrastructure was doubled from 25,000 sq. ft. to 50,000 sq. ft. A similar facility and headcount expansion was undertaken to support our collaboration with BMS and the collaboration contract was extended to 2026. Together, the expansion and extension of these ongoing collaborations with BMS and Amgen are indicative of their growing confidence in Syngene's value proposition and the strong track record of delivery the Syngene teams have had in partnership with their client colleagues.

Discovery Services: Syngene's Discovery Services vertical received a positive boost with the signing of a strategic collaboration with GlaxoSmithKline (GSK). The partnership will focus on accelerating the discovery of new drug candidates using Syngene's discovery services platforms. Syngene will set up a customised discovery research laboratory for GSK where its scientists will work closely with GSK's global R&D teams in identifying new drug candidates across several therapeutic areas. During the year we also strengthened our capabilities in the areas of immuno-oncology, new antibody discovery platforms, Next Generation Sequencing, CAR-T cell proof-of-principle studies and successfully generated bio similarity assay-data for multiple clients to support their regulatory filings.

Development and Manufacturing Services: During FY18, Syngene's Development and Manufacturing group registered good growth on the back of a strong performance in the Chemical Development segment. Syngene's Current Good Manufacturing Practices (cGMP) manufacturing facilities help clients move up the value chain by taking projects in their final stages of development towards commercialisation. Construction activities at the upcoming API manufacturing facility at Mangalore commenced during the year and the facility is scheduled to be completed and become operational in FY20.

[1] 2018, Global R&D Funding Forecast
[2] Grandview Research Report

KEY BUSINESS HIGHLIGHTS OF FY18

Dedicated R&D Centre

- Expansion of Syngene Amgen R&D Centre for Amgen
- Expansion and extension of collaboration with BMS till 2026

Strategic Collaborations

- GSK – multi-year collaboration focusing on accelerating the discovery of new drug candidates using Syngene's discovery services platforms
- Zoetis – strengthening of Syngene's non-life sciences business and its presence in the animal health sector
- Merck KGaA – collaboration extended till 2019; Merck and Syngene have been working jointly on various discovery research projects in the area of Protein Technology, Molecular Biology, Cell Science, Antibody Discovery and ADC since 1998
- Multi-year manufacturing agreement with a Japanese specialty company to manufacture a novel chemical entity for the Japanese market

New Facilities

- Commissioning of the biologics manufacturing plant
- Strengthened our bio equivalence study capabilities by setting up an additional 76 bed Human Pharmacology Unit (HPU)
- Incorporated Syngene USA Inc., a wholly-owned subsidiary in the US to have a strong local footing to serve our clients better
- Commencement of construction of the upcoming commercial-scale API manufacturing facility at Mangalore

Regulatory Audits

Pharmaceuticals and Medical Devices Agency (PMDA) Japan quality audit, marking entry into the Japanese market (one of the most stringent markets)

HUMAN RESOURCES

Syngene focusses on collaborative learning and engagement for its employees as a key component of delivering its corporate strategy. Through a range of HR-led initiatives we offer diverse opportunities to our staff to hone their scientific and leadership skills through customised training programs as well as by the opportunity to interact and work with high-performing teams from various global client organisations. Syngene supports a culture of meritocracy as a way to build a competent and engaged workforce, which we see as key to the growth of both employees and also our business.

During the year we continued to hire, retain and develop a multi-talented and diverse workforce to support the delivery of our strategic priorities. In FY18, we added a further 650 employees, taking total headcount to 4,144 for the year. Of this, 3,540 were scientists across multiple disciplines.The retention rate among campus hires rose to 86%, while the overall attrition rate continued to decrease to 16%, which is below the industry average.

Talent management and personal development is seen as a critical component of Syngene's success. Consequently, the Company continues to step up investment in identifying and recruiting top talent and implementing a range of initiatives aimed to further develop the scientific, leadership and service delivery skills of employees. During FY18, total training hours stood at 33,753, an 85% increase over FY17.

Periodic behavioural and technical training was provided to help individuals and teams stay up to date with the latest developments in their domains. The Company also provided specialist training to high-potential individuals to prepare them to take on bigger roles within the organisation as well as to ensure that they move along a path of structured advancement. LAB or Leadership and Beyond, a customised training program, was launched during the year to support the development of leadership skills within the organisation. More than 350 Managers participated in this program during the year.

The positive work atmosphere at Syngene is built on a solid foundation of 'respect for all'. During the year we made good progress on our gender diversity activities. 'Stree@Syngene', our diversity and inclusion initiative, works towards creating a work environment that gives equal opportunities to all employees, with a particular focus on improving gender diversity and also help all employees to strike a balance between their professional aspirations and personal lives. Over the last four years, the proportion of female employees in Syngene's total work force has increased from 16% in FY15 to 20% in FY18.

The Company has implemented a robust framework of policies and procedures aimed at protecting the interests and well-being of all employees and preventing discrimination. Mandatory training programmes on Prevention of Sexual Harassment (POSH), Information Security and Safety Awareness were conducted during the year to sensitise employees on these issues and create a cohesive workplace. Through 'Kavach', our corporate safety initiative, a wide range of activities were undertaken to bring about a cultural change in the organisation's mind-set towards workplace safety and to further improve our safety systems and processes. Over 4000-manhours of training on safety and compliance was conducted during the year, in particular, specialist training on the handling of pyrophoric materials was given to over 1000 chemists.

FINANCIAL PERFORMANCE

During FY18, revenues grew by 17% to Rs. 14,849 Mn compared to Rs. 12,716 Mn in the previous financial year. This growth was driven by robust performances across all business verticals and was complemented by treasury gains. FY18 revenue includes an export incentive scheme benefit of Rs. 470 Mn from the previous years realised during the current year.

Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) grew by 10% to Rs. 5,266 Mn from Rs. 4,780 Mn in FY17. Net profit grew by 6% to Rs. 3,054 Mn vis-à-vis Rs. 2873 Mn during FY17. The net cash position as on March 31, 2018 was Rs. 3,200 Mn. Syngene continues to benefit from the tax

incentives applicable to Special Economic Zones (SEZs) and the effective tax rate for the year was 18%.

The following table sets out the balance sheet as on March 31, 2018 (FY18) and March 31, 2017 (FY17):

(Rs. in Mn)

Particulars	FY18	FY17	Change
ASSETS			
Non-current assets			
Property, plant and equipment	10,121	7,944	27%
Capital work-in-progress	1,554	1,749	-11%
Intangible assets	183	160	14%
Financial assets			
(i) Derivative assets	1,078	1,056	2%
(ii) Other financial assets	81	33	145%
Deferred tax assets (net)	724	637	14%
Income tax assets (net)	506	443	14%
Other non-current assets	441	485	-9%
Total non-current assets	**14,688**	**12,507**	**17%**
Current assets			
Inventories	860	322	167%
Financial assets			
(i) Investments	1,577	5,404	-71%
(ii) Trade receivables	2,668	1,987	34%
(iii) Cash and cash equivalents	2,527	2,345	8%
(iv) Bank balances other than (iii) above	7,147	2,928	144%
(v) Derivative assets	886	941	-6%
(vi) Other financial assets	847	835	1%
Other current assets	690	479	44%
Total current assets	**17,202**	**15,241**	**13%**
Total assets	**31,890**	**27,748**	**15%**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,000	2,000	-
Other equity	15,204	12,131	25%
Total equity	**17,204**	**14,131**	**22%**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	5,855	6,898	-15%
(ii) Derivative liabilities	118	-	-
Provisions	290	199	46%
Other non-current liabilities	587	517	14%
Total non-current liabilities	**6,850**	**7,614**	**-10%**
Current liabilities			
Financial liabilities			
(i) Borrowings	781	972	-20%
(ii) Trade payables	2,035	1,025	99%
(iii) Derivative liabilities	13	10	30%
(iv) Other financial liabilities	2,047	1,296	58%
Provisions	135	134	1%
Income tax liabilities (net)	128	78	64%
Other current liabilities	2,697	2,488	8%
Total current liabilities	**7,836**	**6,003**	**31%**
Total equity and liabilities	**31,890**	**27,748**	**15%**

Non-current Assets

During FY18, non-current assets grew by 17% primarily due to:

- investments in tangible assets for the Syngene Research Centre, Biologics Manufacturing Plant, the upcoming Mangalore API facility and expansion of facilities across the three main business verticals;
- increase in fair value of premiums paid on forex contracts maturing beyond 12 months and interest rate swap; contracts;
- increase in Minimum Alternate Tax (MAT) credit entitlement and income tax deposited under dispute.

Working Capital

Working capital increased from Rs. 9,238 Mn in FY17 to Rs. 9,366 Mn in FY18.

The increase was due to:

- growing cash reserves invested in fixed deposits;
- realisation of Rs. 615 Mn from insurance company towards loss incurred due to the fire incident in 2016;
- increased inventories, receivables and payables reflecting business growth.

Shareholders' Funds

The equity share capital of the Company comprises 200,000,000 equity shares of Rs. 10 each.

Reserves and Surplus

The total reserves and surplus of the Company increased by 22% in FY18 vis-à-vis FY17. The increase was due to the accumulation of profits earned during FY18 and an increase in Other Comprehensive Income arising out of Mark-to-Market (MTM) gains on designated forex and interest rate swap contracts outstanding as on March 31, 2018.

Non-current Liabilities

Non-current liabilities mainly include:

- Long-term borrowings in the form of External Commercial Borrowing (ECB) facility of USD 100 Mn and Buyer's Credit facility of USD 6 Mn availed for capital expenditure at the Bangalore and Mangalore campuses of the Company. Of these, USD 18.5 Mn will fall due for repayment in the next 12 months;
- Deferred revenues relating to assets funded by third parties that are to be amortised over the useful life of the assets or the period of contract to Other Operating Income.

Statement of Profit and Loss

The following table details key components of the Statement of Profit and Loss for the fiscals ended March 31, 2018 (FY18) and March 31, 2017 (FY17):

(Rs. in Mn)

Particulars	FY 18	FY 17	Change
Total Revenue	14,849	12,716	17%
Expenses			
Cost of chemicals, reagents and consumables consumed	3,817	3,218	19%
Employee benefits expense	3,796	3,086	23%
Finance costs	227	175	30%
Depreciation and amortisation expense	1,314	1,143	15%
Other expenses	2,709	1,858	46%
Foreign exchange fluctuation (net)	(739)	(229)	223%
Total Expenses	11,124	9,251	20%
Profit before tax	3,725	3,465	8%
Tax expenses	671	592	13%
Profit for the year	3,054	2,873	6%

Operating Revenue

During FY18, consolidated revenue grew by 17% to Rs. 14,849 Mn compared to last year's revenues of Rs. 12,716 Mn. The growth was driven by a strong business momentum in all three verticals complemented by the key achievements of the year.

Cost of Materials Consumed

The material cost consists of raw materials consumed and change in stock. In FY18, material costs as a percentage of the Company's overall revenue from operations increased by 40 bps, reflecting a change in the composition of its revenues among the key verticals.

Employee Benefit Expenses

The Employee Benefit Expenses comprise the following items:

- Salaries, wages and bonus
- Contributions to Provident Fund and other funds
- Contributions towards Gratuity provisions
- Amortisation of employee stock compensation expense
- Welfare expenses

The above expenses increased by 23% during FY18, driven largely by increased employee headcount and annual salary increments to employees.

Foreign Exchange Fluctuation

Forex fluctuation includes gains arising from Syngene's hedging policy, yielding an average realisation rate of Rs. 68.5/USD in comparison with the average spot rate of Rs. 65/USD.

Other Expenses

Other expenses primarily include power and fuel costs, professional fees, selling expenses such as freight outwards, provision for doubtful debts and other general overheads. Overall cost grew by 46% in FY18 compared to FY17. The increase in expenses was driven by the expansion of facilities, increased expenditure on safety and write-off of one of the assets associated with the non-renewal of customer contract.

Depreciation and Amortisation

During this fiscal, the depreciation and amortisation increased to Rs. 1,314 Mn from Rs. 1,143 Mn in FY17. This increase is due to the commissioning of new facilities during the year.

Finance Costs

The finance cost increased to Rs. 227 Mn in FY18 from Rs. 175 Mn in FY17 due to the growing cost of funds and finance lease charges.

Tax Expenses

EPS (diluted) for the year grew by 6.05% to Rs. 15.43 in FY18 as against Rs. 14.55 in the previous year.

Earnings Per Share (EPS)

EPS (diluted) for the year grew by 6.05% to Rs. 15.43 in FY18 as against Rs. 14.55 in the previous year.

Risks and Concerns

Syngene acknowledges that risk is integral to business and is committed to proactively managing it in an effective manner. The Company's risk management objective is to maintain an effective and sustainable balance between risk and return and ensure that it operates within the Board-approved risk framework. The Company's Board regularly assesses critical risks across the business as well as the overall risk exposure and reviews and maintains oversight of the Company's risk management architecture.

Syngene has an established risk management architecture embedded within the business to support the identification and effective management of risks across all its areas of business. Each business unit within the Company is responsible for identifying, managing and reporting risk in accordance with the Board-approved risk management policy and standards. Risks are then consolidated into a corporate risk register, which provides the Board and management with an overview of the Company's risk profile. The Board, through the Audit and Risk Committee, assesses Syngene's principal risks, including those that could threaten its business model, future performance, solvency or liquidity as well as assessing actions taken to manage the identified risks.

Risk Management Process

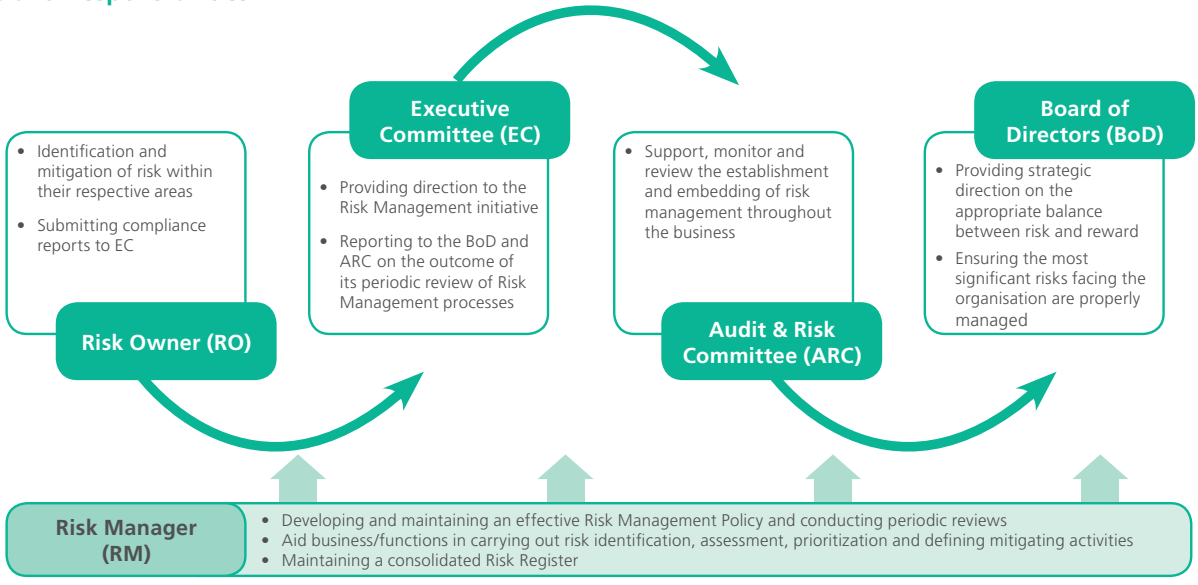


The Company has a robust identification, monitoring and reporting mechanism to ensure that all significant risks are identified, and mitigation controls put in place. Each business unit develops a comprehensive list of risks relevant to their area of operation. These risks are then documented and maintained in a 'Risk Register' by the Risk Manager. Likelihood and impact analysis is performed to assess the criticality of the risks identified in the risk register. The probability and cumulative effect on the business unit and on the company as a whole are determined through these analyses.

Based on the quantitative analysis, risks are prioritised and ranked. Under the risk mitigation plan, the Company responds with appropriate control measures to either terminate, transfer, tolerate or treat risks.

The Executive Committee reviews the Risk Register, including the mitigation plan, on an ongoing basis and conducts a complete review at least annually with the Board. When, during the course of business, new risks are identified, the Executive Committee reports these to the Board.

Roles and Responsibilities



Syngene's Risk Profile

The key business risks facing the Company and the steps taken to mitigate their impact are detailed below:



Financial Risk:

1. **Currency Risk:** While the Indian rupee is the primary operating currency of the company, Syngene earns a substantial proportion of its revenue in US dollars. Furthermore, the company also incurs a large portion of its operating and capital expenses, such as expenditure on specialized equipment and raw materials in US dollars. This exposes Syngene to currency risk arising from exchange rate fluctuations and may adversely impact its financial results. The company mitigates this risk by hedging its foreign exchange exposure, however, volatility in the currency market, hedging costs and regulatory barriers may prevent Syngene from effectively hedging all its currency exposure. As a result, hedging activities cannot and may not eliminate all currency risks.

2. **Credit Risk due to default on contractual obligations by clients:** As a scientific service provider, Syngene earns all its revenue through client service contracts. Any default on or delay in timely payment by a client may have an adverse impact on the Company's earnings and cash flow. Syngene addresses this risk through its credit risk policy and by regularly monitoring the credit ratings of its key clients as well as regularly monitoring its overall credit exposure. Additionally, business development efforts are focused on forging broad collaborations with credible organizations across multiple industries and markets to lessen the exposure to any particular client or industry group. Depending on the nature and duration of client collaborations, the Company may include milestone-based payment terms in its agreements to lessen the total credit exposure through the life of the contract.

Operational Risk:

3. **Capacity Expansion and Asset Utilization Risk:** Syngene's business development activities are focused around both new client acquisition as well as expanding the scope of engagement with existing clients to include a broader range of services. Over the years, there has been a steady increase in demand for its services. To match this growing demand, the Company is required to adjust, align and expand its capacity on an ongoing basis. Any inability to expand capacity to meet rising demand may restrict future growth. Setting up new capacity may require access to additional capital, which in turn may be dependent on the Company maintaining strong financials and a good credit rating. Furthermore, returns from investment in new capacity is dependent on future demand expectations materializing and becoming actual demand for services.

4. **Manpower Risk:** Syngene's ability to perform cutting edge research and provide innovative and effective solutions to clients largely depends on its scientific manpower. Loss of any key human resource or a higher attrition amongst its scientific teams can impact its business operations and affect the quality and timeline of service delivery. Attracting and retaining the right talent is critical to ensuring future growth and expansion of operations. To mitigate the impact of manpower risk, Syngene invests in talent development and employee engagement initiatives to nurture employee skills, deliver an engaging, welcoming working environment and to support staff in building successful careers. Competition for talented staff is a challenge within the CRO industry and the Company may not always be able to attract sufficient staff to meet of its requirements.

5. **IT Risk:** Syngene's operations rely on its IT infrastructure and IT systems. Data security is particularly critical for Syngene's operations as data, usually held in digital form is often the key output of the services provided to clients and is central to the IP rights created for and owned by our clients. Any failure to keep this data secure may adversely affect the value of the services provided to clients and consequently impact the Company's reputation and business model. Failure to maintain data confidentiality may severely impact business integrity, our reputation and may lead to legal and regulatory issues and loss of revenue. Extensive IT security systems and controls have been implemented to mitigate this risk. These systems and controls are regularly evaluated against the changing threat scenarios and additional investments are made to maintain an appropriate level of IT security. Despite the measures taken, the Company's IT systems may still be vulnerable to new cyber security threats and any failure in this area could lead to a breach of data confidentiality which in turn may result in a loss to the business.

Strategic Risk:

6. **Risk of Reduction in R&D Spending by clients:** As a service provider, Syngene's growth and ability to expand its operations are dependent on its client's ability to invest in R&D as well as willingness to outsource the delivery of this R&D. Any adverse trend in client R&D spending or a reduction in their willingness to outsource delivery of R&D may have an adverse impact on Syngene's growth prospects. Demand for Syngene's services can also be impacted by any negative perception of the CRO industry due to the actions of other CROs which may result in reduced outsourcing by clients. Despite the Company's efforts towards strengthening its competitive position in the industry, these macro-economic factors beyond its control may have a material adverse effect on its operations.

7. **Risk of over dependence on few clients:** Syngene's top 10 clients contribute approximately 65% of its revenue. Any loss of business or a significant reduction in business from any of these clients can adversely impact operations, revenues and future growth prospects. The volume of outsourcing done by these clients to Syngene may also vary year-on-year. Any M&A activity within this client group may adversely impact the ongoing relationship with client and the Company may cease to receive any further work from the acquired entity. In order to reduce the impact of this risk on its operations, Syngene's business development activities strive to expand its client base to a larger group of client company's and to other industry segments.

8. **Risk of short-term contracts:** Syngene primarily offers its services either through a Fee-for-Services (FFS) model or a Fulltime Equivalent (FTE) model. FFS services are generally short-term contracts and involve standalone services with defined deliverables. FTE services are generally longer term contracts covering multiple services. Deliverables are not always clearly defined at the start and gets defined as the collaboration progresses. Upon completion of a FFS service, there is a risk of the client not outsourcing any more work to Syngene. The Company's efforts are focused on building long term FTE collaboration with the clients and expanding the scope of engagement to cover multiple services.

Regulatory Risk:

9. **Risk of Changing Regulatory Framework:** The Company operates in and serves clients in a number of highly regulated industries. Regulatory non-compliance can result in termination of contracts, disqualification of data, criminal penalties, loss of clients and business and/or litigation by the affected parties. Adverse observations by regulatory authorities may have long term repercussions on the business and its reputation. The Company has an excellent track record of successful regulatory and compliance audits and maintains a continued commitment to achieving the highest standards of quality compliance.

10. **Political Risk:** The Company serves clients from around the world. Geo-political uncertainties such as increases in protectionist policies and changes in government regulations may impact the business adversely. Changes in government policy towards outsourcing in countries where our clients are based may affect their outsourcing plans. The USA continues to be Syngene's largest market in terms of client concentration and contribution to its total revenues. To mitigate over reliance on revenue from one geographical region the Company actively explores business opportunities in other regions of the world.

Reputational Risk:

11. Reputational risk can arise due to many factors. For example, failure by the Company to comply with environmental standards, employee malpractice, non-compliance to quality standards by vendors or the Company's failure to effectively address the risks in its business can put the reputation of Syngene at risk. Reputational risk can have an adverse impact on revenue or on the market capitalization of the Company as a result of stakeholders taking a negative view of the Company's actions. Syngene emphasizes all employees the need to maintain high standards of integrity in decision making and in our dealings with customers, suppliers and stakeholders. The Company's Code of Conduct provides direction to all staff on safeguarding its reputation.

Catastrophic Risk:

12. Like all businesses, Syngene's operations can be adversely impacted due to a catastrophic event. Besides forces of nature, human negligence can also adversely affect the operations of the Company, resulting in loss or damage to property and lives, delayed service delivery or reduction in operating capacity which could render part or all of its affected facility non-operational leading to revenue losses. The company maintains a Business Continuity Plan (BCP) and a disaster recovery plan to manage challenges arising out of a catastrophic event, however, natural catastrophes are unpredictable, it may not be possible to fully mitigate the impact of a catastrophic event.

Internal Controls

A strong internal control mechanism is a critical element in ensuring that the organization functions in an ethical manner, complies with all legal and regulatory requirements and meets 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 mechanism aims to safeguard its assets as well as authorize, record and report all transactions correctly and on time. The Company has laid down guidelines, policies, processes and structures to enable implementation of appropriate internal financial controls across the organization. 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. The control mechanism ensures that

the manual and automated processes for transaction approval and recording are adequately and effectively reviewed.

The management has constituted a body of internal auditors comprising Chartered Accountants who perform periodic audits. The Internal Auditors independently evaluate the adequacy of internal controls and simultaneously audit the transactions. Independence of the audit and compliance is ensured by direct reporting of Internal Auditors to the Audit and Risk Committee of the Board. The Audit and Risk Committee, consisting of Independent Directors, reviews the adequacy and effectiveness of the Company's internal controls and is also periodically briefed on the corrective and preventive action taken to mitigate identified risks.

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.

Note: The Company has incorporated its wholly owned overseas subsidiary, Syngene USA Inc., during the year and it is operational from 1st November, 2017. The Company has therefore prepared consolidated financial statements for the first time for the year ended 31 March, 2018. Comparative figures for year ending March 31, 2017 is based on Standalone Financial Statements.



FINANCIAL STATEMENTS

Standalone **103**
Consolidated **143**



(This space has been intentionally left blank)

INDEPENDENT AUDITOR'S REPORT

To The Members of Syngene International Limited

Report on the Audit of Standalone Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of Syngene International Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed 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 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

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 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.

2. As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

(d) in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) the Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 31(i)(a) to the Standalone Ind AS Financial Statements;

(ii) provision has been made in the Standalone Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28 to the Standalone Ind AS Financial Statements;

(iii) there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company; and

(iv) the disclosures in the 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 since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed. – Refer Note 32 to the Standalone Ind AS Financial Statements.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 25 April 2018

ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of Syngene International Limited ("the Company") on the Standalone Ind AS Financial Statements of the Company for the year ended 31 March 2018. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations give to us and basis our examination of the records of the Company, the Company is in the process of registering the title deeds of immovable properties comprising of land and building acquired during the year ended March 31, 2015, from merger of Clinigene International Limited (an erstwhile wholly owned subsidiary of the Company) amounting to INR 177 million. Also refer Note 3 to the Standalone Ind AS Financial Statements pertaining to buildings constructed on leasehold land.

(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 investment made by the Company during the year is in compliance with Section 186 of the Act.

(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, sales tax, value added tax, duty of customs, duty of excise, service tax, goods and service tax 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 the timely availability of the Universal Account Number / Aadhar Number in respect of certain employees.

According to the information and explanations given to us, no undisputed amounts payable in respect of employees' state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess, goods and service tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable. However, provident fund dues aggregating to INR 3 million for the period from July 2017 to September 2017 were outstanding for a period of more than six month as at 31 March 2018 due to the delays in the availability of Universal Account Number/Aadhar Number in respect of certain employees. Such dues have since been deposited on 15 April 2018.

(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 service tax which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned below:

Name of the statute	Nature of dues	Amount disputed (INR in million)	Amount paid under protest (INR in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax	706	11	2002-03 to 2008-09	High Court of Karnataka
Income-tax Act, 1961	Income tax	1,173	443	2009-10 to 2014-15	Commissioner of Income tax (Appeals)
Finance Act, 1994	Service tax (including interest)	6	1	March 2005 to February 2007	Customs, Excise and Service Tax Appellate Tribunal

(viii) In our opinion and according to the information and explanations give to us, the Company does not have defaults existing as at the balance sheet date in repayment of borrowings to banks. The Company did not have any borrowings during the year by way of debentures, loans from financial institutions or loan from the Government.

(ix) According to the information and explanations give to us and based on our examination of the records of the Company, we report that monies raised by the Company by way of term loans were applied for the purpose for which the loans were obtained. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

(x) According to the information and explanations given to us, no 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 give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 25 April 2018

ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF SYNGENE INTERNATIONAL LIMITED

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

We have audited the internal financial controls over financial reporting of Syngene International Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 25 April 2018

BALANCE SHEET
AS AT MARCH 31, 2018

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

	Note	March 31, 2018	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	10,121	7,944
Capital work-in-progress	3	1,554	1,749
Intangible assets	4	183	160
Financial assets			
(i) Investments	5(a)	3	-
(ii) Derivative assets		1,078	1,056
(iii) Other financial assets	6(a)	81	33
Deferred tax assets (net)	7	724	637
Income tax assets (net)		506	443
Other non-current assets	8(a)	441	485
Total non-current assets		**14,691**	**12,507**
Current assets			
Inventories	9	860	322
Financial assets			
(i) Investments	5(b)	1,577	5,404
(ii) Trade receivables	10	2,668	1,987
(iii) Cash and cash equivalents	11(a)	2,518	2,345
(iv) Bank balances other than (iii) above	11(b)	7,147	2,928
(v) Derivative assets		886	941
(vi) Other financial assets	6(b)	847	835
Other current assets	8(b)	690	479
Total current assets		**17,193**	**15,241**
Total assets		**31,884**	**27,748**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12(a)	2,000	2,000
Other equity	12(b)	15,201	12,131
Total equity		**17,201**	**14,131**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13(a)	5,855	6,898
(ii) Derivative liabilities		118	-
Provisions	14(a)	290	199
Other non-current liabilities	15(a)	587	517
Total non-current liabilities		**6,850**	**7,614**
Current liabilities			
Financial liabilities			
(i) Borrowings	13(b)	781	972
(ii) Trade payables	16	2,034	1,025
(iii) Derivative liabilities		13	10
(iv) Other financial liabilities	17	2,047	1,296
Provisions	14(b)	135	134
Income tax liabilities (net)		127	78
Other current liabilities	15(b)	2,696	2,488
Total current liabilities		**7,833**	**6,003**
Total equity and liabilities		**31,884**	**27,748**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

M. B. Chinappa
Chief Financial Officer

Bengaluru
April 25, 2018

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

Mayank Verma
Company Secretary
ACS Number: 18776

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2018

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Revenue from operations	18	14,231	12,009
Other income	19	618	707
Total income		**14,849**	**12,716**
EXPENSES			
Cost of chemicals, reagents and consumables consumed	20	3,952	3,212
Changes in inventories of finished goods and work-in-progress	21	(135)	6
Employee benefits expense	22	3,769	3,086
Finance costs	23	227	175
Depreciation and amortisation expense	24	1,314	1,143
Other expenses	25	2,740	1,858
Foreign exchange fluctuation (net)		(739)	(229)
Total expenses		**11,128**	**9,251**
Profit before tax and exceptional item		3,721	3,465
Exceptional item	35	-	-
Profit before tax		**3,721**	**3,465**
Tax expense			
Current tax		793	710
Deferred tax			
MAT credit entitlement		(182)	(219)
Others		59	101
		670	**592**
Profit for the year		**3,051**	**2,873**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(10)	(28)
Income tax effect		2	5
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(8)**	**(23)**
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains on hedging instrument in cash flow hedges		133	1,074
Income tax effect		(38)	(203)
Net other comprehensive income to be reclassified subsequently to profit or loss		**95**	**871**
Other comprehensive income for the year, net of taxes		**87**	**848**
Total comprehensive income for the year		**3,138**	**3,721**
Earnings per equity share	37		
Basic (in Rs)		15.46	14.71
Diluted (in Rs)		15.41	14.55

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

M. B. Chinappa
Chief Financial Officer

Bengaluru
April 25, 2018

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

Mayank Verma
Company Secretary
ACS Number: 18776

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

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

		Year ended March 31, 2018	Year ended March 31, 2017
I	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit for the year	3,051	2,873
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	1,314	1,143
	Loss on assets scrapped	90	-
	Provision for doubtful receivables	32	18
	Bad debts written off	4	6
	Share based compensation expense	125	142
	Interest expense	227	175
	Unrealised foreign exchange (gain) / loss	16	(44)
	Dividend income on current investments	(25)	(143)
	Net gain on sale of current investments	(294)	(7)
	Net gain on current investments measured at fair value through profit or loss	(55)	(56)
	Proceeds from insurance company	615	159
	Interest income	(238)	(501)
	Tax expenses	670	592
	Operating profit before working capital changes	**5,532**	**4,357**
	Movements in working capital		
	Decrease/ (increase) in inventories	(538)	55
	Decrease/ (increase) in trade receivables	(735)	(190)
	Decrease/ (increase) in other assets	(227)	(8)
	Increase/ (decrease) in trade payables, other liabilities and provisions	1,232	512
	Cash generated from operations	**5,264**	**4,726**
	Income taxes paid (net of refunds)	(808)	(745)
	Net cash flow generated from operating activities	**4,456**	**3,981**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of tangible assets	(3,566)	(2,931)
	Purchase of intangible assets	(71)	(133)
	Investment in bank deposits	(9,148)	(13,315)
	Redemption/ maturity of bank deposits	4,929	13,712
	Dividend received	25	143
	Interest received	162	409
	Non-current investment in a subsidiary	(3)	-
	Proceeds from sale of current investments	13,628	8,175
	Purchase of current investments	(9,452)	(10,751)
	Net cash flow used in investing activities	**(3,496)**	**(4,691)**
III	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from exercise of share options	48	21
	Proceeds/(repayment) from long term borrowings	(193)	-
	Proceeds/ (repayments) from short term borrowings, net	(174)	(658)
	Dividend paid on equity shares including tax thereon	(241)	-
	Interest paid	(227)	(175)
	Net cash flow used in financing activities	**(787)**	**(812)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018 (CONTD.)

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

		Year ended March 31, 2018	Year ended March 31, 2017
IV	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III)**	173	(1,522)
V	**EFFECT OF EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY**	-	(6)
VI	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	2,345	3,873
VII	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV+V+VI)**	**2,518**	**2,345**
	Components of cash and cash equivalents as at the end of the year		
	Cash on hand	-	1
	Balances with banks	1,468	2,344
	Deposits with maturity of less than 3 months	1,050	-
	Total cash and cash equivalents [refer note 11(a)]	**2,518**	**2,345**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 25, 2018

(This space has been intentionally left blank)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2018

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

(A) Equity share capital

	March 31, 2018	March 31, 2017
Opening balance	2,000	2,000
Changes in equity share capital	-	-
Closing balance	**2,000**	**2,000**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus					Items of other comprehensive income		Total other equity
	Securities premium reserve	General reserve	Treasury shares	Retained earnings	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	
Balance as at April 01, 2016	1,009	47	(134)	7,153	189	22	(39)	8,247
Profit for the year	-	-	-	2,873	-	-	-	2,873
Other comprehensive income, net of tax	-	-	-	-	-	871	(23)	848
Total comprehensive income for the year	**-**	**-**	**-**	**2,873**	**-**	**871**	**(23)**	**3,721**
Transactions recorded directly in equity								
Exercise of share options	79	-	-	-	(79)	-	-	-
Purchase of treasury shares	-	-	21	-	-	-	-	21
Share based payment	-	-	-	-	142	-	-	142
Balance as at March 31, 2017	**1,088**	**47**	**(113)**	**10,026**	**252**	**893**	**(62)**	**12,131**
Profit for the year	-	-	-	3,051	-	-	-	3,051
Other comprehensive income, net of tax	-	-	-	-	-	95	(8)	87
Total comprehensive income for the year	**-**	**-**	**-**	**3,051**	**-**	**95**	**(8)**	**3,138**
Transactions recorded directly in equity								
Dividend including Dividend distribution tax	-	-	-	(241)	-	-	-	(241)
Exercise of share options	95	-	-	-	(95)	-	-	-
Purchase of treasury shares	-	-	44	4	-	-	-	48
Share based payment	-	-	-	-	125	-	-	125
Balance as at March 31, 2018	**1,183**	**47**	**(69)**	**12,840**	**282**	**988**	**(70)**	**15,201**

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

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

M. B. Chinappa
Chief Financial Officer

Bengaluru
April 25, 2018

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

Mayank Verma
Company Secretary
ACS Number: 18776

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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, March 31, 2018. These standalone financial statements were authorised for issuance by the Company's Board of Directors on April 25, 2018.

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

b) Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

c) Basis of measurement

These standalone financial statements have been prepared on the historical cost basis, except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations;

d) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(a) and 28 — Financial instruments;
- Note 2(b) and 2(c) — Useful lives of property, plant and equipment and intangible assets;
- Note 2(m) — Lease classification;
- Note 27 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 34 — Share based payments; and
- Note 2(k) and 30 — Provision for income taxes and related tax contingencies.

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

— Note 27 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 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 34 – share based payment arrangements; and

— Note 2(a) and 28 – financial instruments.

2 SIGNIFICANT ACCOUNTING POLICIES

a. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the

hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

vi. Treasury shares
The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

vii. Cash and cash equivalents
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash dividend to equity holders
The Company recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b. Property, plant and equipment

i. Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognized in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

ii. Depreciation
Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land and land under perpetual lease are not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	10 years or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

c. 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 amortization and any accumulated impairment losses.

i. Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

ii. Amortisation
Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

— Computer software 5 years

— Intellectual property right 5-10 years

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

d. Business combination
In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company (see Note 4). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

e. Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit 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.

g. Employee benefits

i. Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with 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 is the period in which the absences occur.

iv. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

h. Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

i. Revenue

i. Contract research and manufacturing services income

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer.

The Company collects service tax and sales taxes, as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii. Dividends

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

iii. Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

iv. Contribution received from customers towards plant and equipment

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Company capitalises the gross cost of these assets as the Company controls these assets.

j. Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortized over the useful life of such asset. Grants related to Income are recognized in statement of profit and loss as other operating revenues.

k. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

— taxable temporary differences arising on the initial recognition of goodwill;

— temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

— temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

l. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

n. 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.

o. Recent Indian Accounting Standards (Ind AS)

Following new standard and amendment to Ind AS have not been applied by the Company as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18'Revenue'. The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Company is in the process of evaluating the impact of the New Revenue Standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

(This space has been intentionally left blank)

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

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At April 01, 2016	42	1,786	8,933	72	183	11	-	11,027	2,368
Additions	555	718	2,568	28	96	6	-	3,971	3,444
Disposals/other adjustments	-	98	1,743	31	25	2	-	1,899	4,063
At March 31, 2017	**597**	**2,406**	**9,758**	**69**	**254**	**15**	**-**	**13,099**	**1,749**
Additions	-	496	2,826	31	52	18	172	3,595	3,400
Disposals/other adjustments	-	10	357	-	11	-	-	378	3,595
At March 31, 2018	**597**	**2,892**	**12,227**	**100**	**295**	**33**	**172**	**16,316**	**1,554**
Accumulated depreciation									
At April 01, 2016	-	406	4,689	65	120	4	-	5,284	-
Depreciation	-	86	991	9	22	3	-	1,111	-
Disposals	-	36	1,152	31	19	2	-	1,240	-
At March 31, 2017	**-**	**456**	**4,528**	**43**	**123**	**5**	**-**	**5,155**	**-**
Depreciation	-	106	1,098	14	33	5	10	1,266	-
Disposals	-	3	214	-	9	-	-	226	-
At March 31, 2018	**-**	**559**	**5,412**	**57**	**147**	**10**	**10**	**6,195**	**-**
Net carrying amount									
At March 31, 2017	597	1,950	5,230	26	131	10	-	7,944	1,749
At March 31, 2018	**597**	**2,333**	**6,815**	**43**	**148**	**23**	**162**	**10,121**	**1,554**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross Block Rs. 555 (March 31, 2017 - Rs. 555).

(b) Plant and equipment includes computers.

(c) Buildings with a cost of Rs. 2,733 (March 31, 2017 - Rs. 2,272) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

(d) Foreign exchange gain of Rs. 142 (March 31, 2017 - Rs. 169) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.

(e) Additions to property, plant and equipment includes additions related to finance costs capitalised during the year amounting to Rs. 2 (March 31, 2017 - Rs. 8).

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

4. INTANGIBLE ASSETS

	Computer software	Intellectual property right [refer note (a)]	Total
Gross carrying amount			
At April 01, 2016	87	-	87
Additions	13	120	133
Disposals	-	-	-
At March 31, 2017	**100**	**120**	**220**
Additions	71	-	71
Disposals	-	-	-
At March 31, 2018	**171**	**120**	**291**
Accumulated depreciation			
At April 01, 2016	28	-	28
Depreciation	18	14	32
Disposals	-	-	-
At March 31, 2017	**46**	**14**	**60**
Depreciation	24	24	48
Disposals	-	-	-
At March 31, 2018	**70**	**38**	**108**
Net carrying amount			
At March 31, 2017	54	106	160
At March 31, 2018	**101**	**82**	**183**

Note:

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

(This space has been intentionally left blank)

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

	March 31, 2018	March 31, 2017
5. INVESTMENTS		
(a) Non-current investments		
Unquoted equity instruments of wholly owned subsidiary		
500 (March 31, 2017: Nil) Equity shares of USD 100 each in Syngene USA Inc., USA	3	-
	3	-
Aggregate value of unquoted investments	**3**	**-**
(b) Current investments		
Investments In mutual funds (quoted) (Non trade)		
Aditya Birla Sun Life Cash Plus - Growth - 435,364 (March 31, 2017: Nil) units of Rs. 279 (March 31, 2017: Rs. Nil) each	121	-
Aditya Birla Sun Life Savings Fund - Growth - 496,963 (March 31, 2017: 2,431,913) units of Rs.342 (March 31, 2017 - Rs.319) each	170	775
Aditya Birla Sun Life Savings Fund - Daily dividend - Nil (March 31, 2017: 5,303,556) units of Rs. Nil (March 31, 2017: Rs 100) each	-	533
Axis Banking and PSU Debt Fund - Growth - 11,184 (March 31: 2017: Nil) units of Rs. 1,603 (March 31, 2017: Rs. Nil) each	18	-
Franklin India Ultra Short Bond Fund - Growth - Nil (March 31, 2017: 36,646,667) units of Rs. Nil (March 31, 2017: Rs. 22) each	-	816
HDFC Floating Rate Income Fund - Growth - Nil (March 31, 2017: 29,265,060) units of Rs. Nil (March 31, 2017: Rs. 28) each	-	828
HDFC FMP 92D February 2018 - Growth - 15,000,000 (March 31, 2017: Nil) units of Rs. 10 (March 31, 2017: Rs. Nil) each	151	-
ICICI Prudential Flexible Income Fund - Growth - 81,749 (March 31, 2017: 1,947,431) units of Rs. 333 (March 31, 2017: Rs.311) each	27	606
ICICI Prudential Flexible Income - Daily dividend - Nil (March 31, 2017: 5,706,959) units of Rs. Nil (March 31, 2017: Rs. 106) each	-	603
IDFC Ultra Short term Fund - Growth - 28,457,666 (March 31, 2017: 26,359,631) units of Rs. 25 (March 31, 2017 - Rs.23) each	705	607
Kotak Treasury Advantage Fund - Growth - Nil (March 31, 2017: 7,932,353) units of Rs. Nil (March 31, 2017: Rs. 26) each	-	207
Reliance Money Manager Fund - Daily dividend - Nil (March 31, 2017: 69,072) units of Rs. Nil (March 31, 2017: Rs. 2,243) each	-	155
UTI Liquid Fund Cash Plan - Growth - 17,772 (March 31, 2017: Nil) units of Rs. 2,845 (March 31, 2017: Rs. Nil) each	50	-
UTI Treasury Advantage Fund - Growth - 140,087 (March 31, 2017: 122,052) units of Rs. 2,395 (March 31, 2017: Rs. 2,242) each	335	274
	1,577	**5,404**
Aggregate value of quoted investments (cost)	1,522	5,348
6. OTHER FINANCIAL ASSETS		
(a) Non-current		
Security deposits	81	33
	81	**33**
(b) Current		
Recoverable from insurance company (refer note 35)	217	592
Interest accrued but not due	74	-
Unbilled revenues	556	243
	847	**835**

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

	March 31, 2018	March 31, 2017
7. DEFERRED TAX ASSET (NET)		
Deferred tax asset		
MAT credit entitlement	1,081	899
Employee benefit obligations	76	58
Others	27	15
	1,184	**972**
Deferred tax liability		
Derivatives	185	147
Property, plant and equipment and intangible assets	256	158
Others	19	30
	460	**335**
Deferred tax asset (net)	**724**	**637**
8. OTHER ASSETS		
(a) Non-current		
Capital advances	176	21
Balances with statutory / government authorities	186	415
Prepayments	79	49
	441	**485**
(b) Current		
Advances other than capital advances	95	78
Export incentive receivables	370	73
Balances with statutory / government authorities	28	161
Prepayments	197	167
	690	**479**
9. INVENTORIES		
Chemicals, reagents and consumables *	542	139
Work-in-progress	235	134
Finished goods	83	49
	860	**322**
* includes goods in-transit Rs 29 (March 31, 2017 - Rs Nil)		
10. TRADE RECEIVABLES		
Unsecured, considered good [refer note 26]	2,668	1,987
Considered doubtful	64	32
	2,732	**2,019**
Allowance for credit loss	(64)	(32)
	2,668	**1,987**
The above includes :		
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	1	1

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

11. CASH AND BANK BALANCES		
(a) Cash and cash equivalents		
Cash on hand	-*	1
Balances with banks (on current accounts)	1,468	2,344
Deposits with original maturity of less than 3 months	1,050	-
	2,518	**2,345**
(b) Bank balances other than above		
Deposits with maturity of less than 12 months	7,147	2,928
	7,147	**2,928**

* 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.

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

	March 31, 2018	March 31, 2017
12 (a) EQUITY SHARE CAPITAL		
Authorised		
250,000,000 (March 31, 2017: 250,000,000) equity shares of Rs 10 each (March 31, 2017 - Rs 10 each)	**2,500**	**2,500**
Issued, subscribed and fully paid-up		
200,000,000 (March 31, 2017: 200,000,000) equity shares of Rs 10 each (March 31, 2017 - Rs 10 each)	2,000	2,000
	2,000	**2,000**

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

Equity shares	March 31, 2018		March 31, 2017	
	No.	Rs	No.	Rs
At the beginning of the year	200,000,000	2,000	200,000,000	2,000
Issued during the year	-	-		-
At the end of the year	**200,000,000**	**2,000**	**200,000,000**	**2,000**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2018		March 31, 2017	
	No.	% holding	No.	% holding
Equity Shares of Rs. 10 each fully paid				
Biocon Limited (holding company)	145,217,843	72.61%	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	1,866,673	0.93%	1,866,673	0.93%

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

	March 31, 2018		March 31, 2017	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited	145,217,843	72.61%	145,217,843	72.61%
Silver Leaf Oak (Mauritius) Limited	-	0.00%	14,390,777	7.20%

(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:

	March 31, 2018	March 31, 2017
Equity shares allotted as fully paid bonus shares by capitalization of surplus in Statement of profit and loss *	-	41,750,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	3,614,036	2,166,475

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

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

@ Syngene Employees Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option Plan 2011. The consideration other than exercise price was received in form of employee services.

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

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

12(b) OTHER EQUITY

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earning 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 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.

	March 31, 2018	March 31, 2017
13. BORROWINGS		
(a) Non-current borrowings		
Term loans from banks		
Buyers credit loan(secured) [refer note (i) below]	418	611
External commercial borrowings(secured) [refer note (ii) below]	6,508	6,481
Finance lease obligations [refer note (v) below]	167	-
	7,093	**7,092**
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(1,238)	(194)
	5,855	**6,898**
(b) Current borrowings		
Term loans from banks		
Pre shipment credit [refer note (iii) and (iv) below]	781	972
	781	**972**
The above amount includes		
Secured borrowings	6,926	7,416
Unsecured borrowings	948	648
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(1,238)	(194)
	6,636	**7,870**

Notes:

(i) The Company has obtained foreign currency denominated long term secured buyer's credit loans of Rs. 418 (USD 6.42 million) [March 31, 2017 - Rs. 611 (USD 9.41 million)] as of March 31, 2018 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan is guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets and movable fixed assets of the Company with a carrying amount of Rs. 1,636. The loans are repayable at end of 960 days to 1,079 days from the date of its origination.

(ii) (a) The Company has entered into External Commercial Borrowing agreement with The Hongkong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow 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 repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.

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

(iii) The Company had obtained foreign currency denominated short term secured pre-shipment credit loans of Rs. 324 (USD 5 Million) as at March 31, 2017 from The Hongkong and Shanghai Banking Corporation Limited that carried interest rate of Libor + 1.42%. The loans were repayable after the end of 6 months from the date of its origination. The facility provided were secured by a pari passu charge on the current assets and movable fixed assets of the Company. The loan was repaid during the current year.

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

(iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 781 (USD 12 Million) [March 31, 2017 - Rs. 648 (USD 10 Million)] from HDFC Bank Limited that carries interest rate of Libor + 0.55% to Libor + 0.60% [March 31, 2017 - Libor + 1.42%]. The loans are repayable after the end of 6 months from the date of its origination.

(v) The Company has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.

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

	March 31, 2018	March 31, 2017
14. PROVISIONS		
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	290	199
	290	**199**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	30	40
Compensated absences	105	94
	135	**134**

(i) Movement in provisions	Gratuity	Compensated absences
Opening balance	239	94
Provision recognised during the year	81	11
Closing balance	**320**	**105**

	March 31, 2018	March 31, 2017
15. OTHER LIABILITIES		
(a) Non-current		
Deferred rent liability	24	24
Deferred revenues	563	493
	587	**517**
(b) Current		
Advances from customers	2,335	2,258
Deferred revenues	156	157
Others:		
Statutory dues	94	73
Other dues	111	-
	2,696	**2,488**
16. TRADE PAYABLES		
Trade payables [refer note (a) below and note 26]	2,034	1,025
	2,034	**1,025**
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act'')		
(i) The principal amount and interest due thereon remaining unpaid to supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprise	30	26
- Interest due on above	0.1	0.2
(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	126	15
(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	2	0.5
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	7	5

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

(b) All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

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

	March 31, 2018	March 31, 2017
17. OTHER FINANCIAL LIABILITIES		
Current maturities of long term borrowings with banks [refer note 13]	1,238	194
Payable for capital goods	632	839
Book overdraft	177	263
	2,047	**1,296**

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

	Year ended March 31, 2018	Year ended March 31, 2017
18. REVENUE FROM OPERATIONS		
Sale of services		
Contract research and manufacturing services income	13,245	11,695
Other operating revenues		
Scrap sales	24	20
Export incentives [refer note (a) below]	737	85
Others [refer note (b) below]	225	209
	14,231	**12,009**

Note:
(a) Export incentives include Rs. 456 (March 31, 2017 - Rs. 47) relating to previous years. These were recorded in current year due to certainity in realisation of export incentives.
(b) Others include income from support services and release from deferred revenue for assets funded by customers over the useful life.

19. OTHER INCOME		
Interest income on:		
Deposits with banks	236	409
Lease deposits	2	-
Tax refunds	5	92
Dividend income on current investments	25	143
Net gain on sale of current investments	294	7
Net gain on current investments measured at fair value through profit or loss	55	56
Other non-operating income	1	-
	618	**707**
20. COST OF CHEMICALS, REAGENTS AND CONSUMABLES CONSUMED		
Inventory at the beginning of the year	139	188
Add: Purchases	4,355	3,163
Less: Inventory at the end of the year	(542)	(139)
	3,952	**3,212**
21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Work-in-progress	134	142
Finished goods	49	47
	183	**189**
Inventories at the end of the year		
Work-in-progress	235	134
Finished goods	83	49
	318	**183**
	(135)	**6**
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	3,221	2,668
Contribution to provident fund and other funds	154	114
Gratuity expenses (refer note 27)	80	38
Share based compensation expense (refer note 34)	128	142
Staff welfare expenses	186	124
	3,769	**3,086**
23. FINANCE COSTS		
Interest expense	227	175
	227	**175**

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

	Year ended March 31, 2018	Year ended March 31, 2017
24. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets [refer note 3]	1,266	1,111
Amortisation of intangible assets [refer note 4]	48	32
	1,314	**1,143**
25. OTHER EXPENSES		
Rent	97	57
Communication expenses	16	14
Travelling and conveyance	238	176
Professional charges	365	248
Payments to auditors [refer note (a) below]	5	5
Directors' fees including commission	16	14
Power and fuel	347	304
Facility charges	149	99
Insurance	128	42
Rates and taxes	237	24
Repairs and maintenance		
Plant and machinery	391	341
Buildings	111	106
Others	165	108
Selling expenses		
Freight outwards and clearing charges	34	27
Sales promotion expenses	27	26
Commission	-	10
Provision for doubtful receivables	32	18
Bad debts written off	4	6
Printing and stationery	30	21
Clinical trial expenses	143	134
Contributions towards CSR (refer note 36)	52	41
Loss on assets scrapped	90	-
Miscellaneous expenses	63	37
	2,740	**1,858**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	2	2
Tax audit	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (i) below]	-	-
Reimbursement of expenses	1	1
	5	**5**

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

(This space has been intentionally left blank)

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

26. RELATED PARTY TRANSACTIONS

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

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended March 31, 2018 Expenses / (Income) / Other transactions	Transaction value for year ended March 31, 2017 Expenses / (Income) / Other transactions	Balance as at March 31, 2018 Payable / (Receivable) / Other transactions	Balance as at March 31, 2017 Payable / (Receivable) / Other transactions
A.	**Remuneration paid to key management personnel**						
(a)	Jonathan Hunt	Director and Chief Executive Officer	Salary and perquisites [refer note (i) and (ii) below]	47	28	-	-
			Share based payments	47	47	-	-
(b)	M.B. Chinappa	Chief Financial officer	Salary and perquisites [refer note (i) below]	28	31	-	-
			Share based payments	2	5	-	-
(c)	Mayank Verma	Company Secretary	Salary and perquisites [refer note (i) below]	3	3	-	-
			Share based payments	-*	-*	-	-
(d)	Russell Walls	Independent director	Sitting fees and Commission	3	3	1	1
(e)	Bala S Manian	Independent director	Sitting fees and Commission	3	3	1	1
(f)	Paul Blackburn	Independent director	Sitting fees and Commission	3	3	1	1
(g)	Suresh Talwar	Independent director	Sitting fees and Commission	3	3	1	1
(h)	Vijay Kuchroo	Independent director	Sitting fees and Commission	2	1	1	1
(i)	Vinita Bali (w. e. f. 31 July 2017)	Independent director	Sitting fees and Commission	2	-	1	-
(j)	Catherine Rosenberg	Non-executive director	Sitting fees	-*	-*	-*	-
B.	**Others**						
(a)	Biocon Limited	Holding Company	Rent expense	65	47	-	-
			Power and facility charges [refer note (iii) below]	547	423	-	-
			Purchase of goods	3	4	-	-
			Other expenses	55	92	-	-
			Sale of services	(187)	(89)	-	-
			Final dividend	145	-	-	-
			Trade payables	-	-	285	121
			Deferred rent liability	-	-	22	24
			Rent deposit paid	-	-	(23)	(20)
			Trade receivables	-	-	(254)	(53)
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	-	148	148

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

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended		Balance as at	
				March 31, 2018 Expenses / (Income) / Other transactions	March 31, 2017 Expenses / (Income) / Other transactions	March 31, 2018 Payable / (Receivable) / Other transactions	March 31, 2017 Payable / (Receivable) / Other transactions
(b)	Biocon Research Limited	Fellow subsidiary	Sale of services	(1)	(4)	-	-
			Final dividend	2	-	-	-
			Trade receivables	-	-	(7)	(7)
(c)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	(3)	(60)	-	-
			Trade receivables	-	-	(3)	(61)
(d)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(163)	(127)	-	-
			Trade receivables	-	-	(175)	(81)
(e)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(84)	(38)	-	-
			Purchase of goods	-	2	-	-
			Trade receivables	-	-	(50)	(37)
			Trade payables	-	-	2	2
(f)	Syngene USA Inc.	Wholly owned subsidiary	Sales and support services availed	37	-	-	-
			Trade payables	-	-	3	-
		[refer note (iv) below]	Investment in equity shares	-	-	3	-
(g)	Biocon Foundation	Trust #	Contribution towards CSR	52	41	-	-
(h)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(1)	(2)	-	-
			Health services availed	*-	-	-	-
			Trade receivables	-	-	(1)	(1)
			Trade payables	-	-	-*	-
(i)	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Staff welfare expenses	4	4	-	-
			Trade payables	-	-	-	-

* Less than Rs. 0.5 million.

Trust in which Kiran Mazumdar Shaw is a Trustee.

Notes:

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

(ii) Salary and perquisites of Jonathan Hunt includes contribution to provident fund of Rs. 3 relating to earlier period.

(iii) Effective from October 1, 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs 157 (Year ended March 31, 2017 - Rs 106) and power charges (including other charges) of Rs 390 (Year ended March 31, 2017 - Rs 317) have been charged by Biocon Limited for the year ended March 31, 2018.

(iv) The Company has incorporated its wholly owned overseas subsidiary, Syngene USA Inc., USA ('the Subsidiary') during the year and operational from 1 November 2017.

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

NeoBiocon FZ LLC, a subsidiary of Biocon Limited
Biocon FZ LLC, a subsidiary of Biocon Limited
Biocon Pharma Limited, India - subsidiary of Biocon Limited
Biocon Pharma Inc, USA - subsidiary of Biocon Limited
Biocon Biologics India Limited, India - subsidiary of Biocon Limited
Biocon Academy, India - subsidiary of Biocon Limited
Biocon Healthcare Sdn Bhd, Malaysia - subsidiary of Biocon Limited

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

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

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

27. EMPLOYEE BENEFIT PLANS

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2017	241	(2)	239
Current service cost	53	-	53
Interest cost	27	-	27
Amount recognised in Statement of profit and loss	**80**	**-**	**80**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1)	(1)
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(29)	-	(29)
Experience adjustment	17	-	17
Amount recognised in other comprehensive income	**11**	**(1)**	**10**
Benefits paid	(9)	-	(9)
Balance as at March 31, 2018	**323**	**(3)**	**320**

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

* Less than Rs. 0.5 million.

	March 31, 2018	March 31, 2017
Non current	290	199
Current	30	40
	320	**239**

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

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

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

	March 31, 2018	March 31, 2017
Interest rate	7.7%	6.7%
Discount rate	7.7%	6.7%
Expected return on plan assets	7.7%	6.7%
Salary increase	9.0%	9.0%
Attrition rate (based on Age of the Employee)	5% - 16%	7% - 26%
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 8 years (March 31, 2017 - 8 years)
The defined benefit plan exposes the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

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

	March 31, 2018		March 31, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate	(22)	25	(11)	13
Salary increase	24	(21)	12	(11)
Attrition rate	(4)	5	(2)	2

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of March 31, 2018 and March 31, 2017, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2019, is approximately Rs 30 (March 31, 2018 - Rs 40)

Maturity profile of defined benefit obligation

Particulars	March 31, 2018	March 31, 2017
1st Following year	30	40
2nd Following year	29	34
3rd Following year	28	29
4th Following year	27	25
5th Following year	27	21
Years 6 to 10	140	90
Years 11 and above	355	214

(This space has been intentionally left blank)

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

28. FINANCIAL INSTRUMENTS: FAIR VALUE AND RISK MANAGEMENTS

A. Accounting classification and fair values

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)	-	-	3	3	-	-	-	-
Derivative assets (non-current)	-	1,078	-	1,078	-	1,078	-	1,078
Other financial assets (non-current)	-	-	81	81	-	-	-	-
Investments (current)	1,577	-	-	1,577	1,577	-	-	1,577
Trade receivables	-	-	2,668	2,668	-	-	-	-
Cash and cash equivalents	-	-	2,518	2,518	-	-	-	-
Bank balances other than above	-	-	7,147	7,147	-	-	-	-
Derivative assets (current)	19	867	-	886	-	886	-	886
Other financial assets (current)	-	-	847	847	-	-	-	-
	1,596	**1,945**	**13,264**	**16,805**	**1,577**	**1,964**	**-**	**3,541**
Financial liabilities								
Borrowings (non-current)	-	-	5,855	5,855	-	-	-	-
Derivative liabilities (non-current)	-	118	-	118	-	118	-	118
Borrowings (current)	-	-	781	781	-	-	-	-
Trade payables	-	-	2,034	2,034	-	-	-	-
Derivative liabilities (current)	-	13	-	13	-	13	-	13
Other financial liabilities (current)	-	-	2,047	2,047	-	-	-	-
	-	**131**	**10,717**	**10,848**	**-**	**131**	**-**	**131**

March 31, 2017	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	1,056	-	1,056	-	1,056	-	1,056
Other financial assets (non-current)	-	-	33	33	-	-	-	-
Investments (current)	5,404	-	-	5,404	5,404	-	-	5,404
Trade receivables	-	-	1,987	1,987	-	-	-	-
Cash and cash equivalents	-	-	2,345	2,345	-	-	-	-
Bank balances other than above	-	-	2,928	2,928	-	-	-	-
Derivative assets (current)	71	870	-	941	-	941	-	941
Other financial assets (current)	-	-	835	835	-	-	-	-
	5,475	**1,926**	**8,128**	**15,529**	**5,404**	**1,997**	**-**	**7,401**
Financial liabilities								
Borrowings (non-current)	-	-	6,898	6,898	-	-	-	-
Borrowings (current)	-	-	972	972	-	-	-	-
Trade payables	-	-	1,025	1,025	-	-	-	-
Derivative liabilities (current)	-	10	-	10	-	10	-	10
Other financial liabilities (current)	-	-	1,296	1,296	-	-	-	-
	-	**10**	**10,191**	**10,201**	**-**	**10**	**-**	**10**

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 components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Movement in spot rate of foreign currency				
INR/USD - Increase by 1%	(3)	(7)	(342)	(183)
INR/USD - Decrease by 1%	3	7	342	184
Movement in interest rates				
LIBOR - Increase by 100 bps	-	-	(290)	(165)
LIBOR - Decrease by 100 bps	-	-	290	165

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

B. Financial risk management

The Company's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

(i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments In mutual funds and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 3,224 (March 31, 2017: Rs 2,230). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	March 31, 2018	March 31, 2017
Opening balance	32	14
Impairment loss recognised	32	18
Closing balance	**64**	**32**

Receivable from two customers of the Company's receivables is Rs. 671 [March 31, 2017 - Rs. Nil] which is more than 10 percent of the Company's total receivables.

Credit risk on cash and cash equivalent is limited as the Company generally invests in deposits with banks having high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	1,238	2,450	3,295	110	7,093
Borrowings (current)	781	-	-	-	781
Trade payables	2,034	-	-	-	2,034
Derivative liabilities (non-current)	-	2	24	92	118
Derivative liabilities (current)	13	-	-	-	13
Other financial liabilities	809	-	-	-	809
Total	**4,875**	**2,452**	**3,319**	**202**	**10,848**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	194	1,226	5,672	-	7,092
Borrowings (current)	972	-	-	-	972
Trade payables	1,025	-	-	-	1,025
Derivative liabilities (current)	10	-	-	-	10
Other financial liabilities	1,102	-	-	-	1,102
Total	**3,303**	**1,226**	**5,672**	**-**	**10,201**

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

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

March 31, 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,284	75	-	2,359
Cash and cash equivalents	434	-	-	434
Other financial assets (current)	520	14	-	534
Financial liabilities				
Borrowings (non-current)	(5,695)	-	-	(5,695)
Borrowings (current)	(781)	-	-	(781)
Trade payables	(466)	(3)	(104)	(573)
Other financial liabilities (current)	(1,345)	(36)	(20)	(1,401)
Net assets / (liabilities)	**(5,049)**	**50**	**(124)**	**(5,123)**

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

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
USD Sensitivity				
INR/USD - Increase by 1%	(54)	(72)	(395)	(255)
INR/USD - Decrease by 1%	54	72	395	256
EUR Sensitivity				
INR/EUR - Increase by 1%	(1)	- *	(1)	- *
INR/EUR - Decrease by 1%	1	- *	1	- *

* Less than Rs. 0.5 million.

Derivative financial instruments

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

Particulars	March 31, 2018	March 31, 2017
Foreign exchange forward contracts to buy	USD 383 (INR 24,916)	USD 30 (INR 1,946)
European style option contracts with periodical maturity dates	USD 190 (INR 12,368)	USD 276 (INR 17,859)

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

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended March 31, 2018 and March 31, 2017 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2018	March 31, 2017
Variable rate borrowings	2,826	3,203
Fixed rate borrowings	5,048	4,861
Total borrowings	**7,874**	**8,064**

(b) Sensitivity

The Company policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

29. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends/buy back of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of March 31, 2018 and 2017 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total equity attributable to the equity shareholders of the Company	17,201	14,131
As a percentage of total capital	69%	64%
Long-term borrowings	7,093	7,092
Short-term borrowings	781	972
Total borrowings	**7,874**	**8,064**
As a percentage of total capital	31%	36%
Total capital (Equity and Borrowings)	**25,075**	**22,195**

30. TAX EXPENSE

(a) Amount recognised in Statement of profit and loss

	March 31, 2018	March 31, 2017
Current tax	793	710
Deferred tax:		
MAT credit entitlement	(182)	(219)
Others related to:		
Origination and reversal of other temporary differences	59	101
Tax expense for the year	**670**	**592**
Reconciliation of effective tax rate		
Profit before tax	3,721	3,465
Tax at statutory income tax rate 34.61% (March 31, 2017 - 34.61%)	1,288	1,199
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Exempt income	(7)	(49)
Tax incentive	(519)	(549)
Additional deduction on investment allowance	-	(109)
Non-deductible expense	44	49
Basis difference that will reverse during the tax holiday period	(62)	(22)
Others	(74)	73
Income tax expense	**670**	**592**

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

(b) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the balance sheet

For the year ended March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	899	182	-	1,081
Employee benefit obligations	58	16	2	76
Others	15	12	-	27
Gross deferred tax assets	**972**	**210**	**2**	**1,184**
Deferred tax liability				
Derivatives	147	-	38	185
Property, plant and equipment and intangible assets	158	98	-	256
Others	30	(11)	-	19
Gross deferred tax liability	**335**	**87**	**38**	**460**
Deferred tax asset / (liabilities), net	637	123	(36)	724

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

(This space has been intentionally left blank)

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

31. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

	March 31, 2018	March 31, 2017
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	2,383	1,882
The above includes:		
(I) Income tax matters relating to financial year 2002 - 03 to 2014 - 15 (March 31, 2017 : financial year 2002 - 03 to FY 2013 -14)	2,358	1,857
(II) Service tax matters	23	23
(III) Sales tax matters	2	2
Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that these will not have any material adverse effect on the company's financial position or results of operations.		
(b) Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2	2
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,447	654
(b) Operating lease commitments (Company is a lessee)		
(I) Rent		
The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2027. Gross rental expenses for the year aggregate to Rs 97 (March 31, 2017 - Rs 57).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	29	-
Later than one year and not later than five years	133	-
Later than five years	180	-
(II) Vehicles		
The Company had taken vehicles for certain employees under operating leases, which were to expire over a period ranging upto 2020. During the year, the Company closed all of its operating leases that it entered for its employees. Gross rental expenses for the year aggregate to Rs 2 (March 31, 2017 - Rs 5).		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	-	6
Later than one year and not later than five years	-	13
(c) Finance lease commitments (Company is a lessee)		
The Company has entered into lease for use of certain items of leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering a period upto 2027.		
Future minimum lease payable including interest element under finance leases are as follows:		
Not later than one year	22	-
Later than one year and not later than five years	100	-
Later than five years	135	-

32. DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

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

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

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

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

33. 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 March 31, 2018	Year ended March 31, 2017
Contract research and manufacturing services income		
India	1,403	602
United States of America	9,014	8,170
Rest of the World	3,814	3,237
Total	**14,231**	**12,009**

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

	March 31, 2018	March 31, 2017
Carrying amount of non-current assets		
India	12,805	10,781
Outside India	-	-
Total	**12,805**	**10,781**

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

Major customer

Revenue from one customer of the Company's Revenue from operations is Rs. 3,499 (March 31, 2017 - Rs.3,372) which is more than 10 percent of the Company's total revenue.

34. SHARE BASED COMPENSATION

Syngene ESOP Plan

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company. The Board of Directors approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 6,680,000 equity shares (Face Value of Rs. 10 per share) of the Company using the proceeds from interest free loan of Rs. 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at March 31, 2018, the Trust holds 3,065,964 (March 31, 2017: 4,513,525) equity shares of face value of Rs. 10 each, adjusted for the consolidation of shares and bonus issue. As of March 31, 2018, the Trust has transferred 3,614,036 (March 31, 2017 - 2,166,475) equity shares to the employees on exercise of their stock options.

Grant

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

Details of Grant

Particulars	March 31, 2018 No. of options	March 31, 2017 No. of options
Outstanding at the beginning of the year	3,634,457	4,942,835
Granted during the year	121,500	166,000
Forfeited during the year	(73,174)	(68,684)
Exercised during the year	(1,447,561)	(1,405,694)
Outstanding at the end of the year	2,235,222	3,634,457
Exercisable at the end of the year	1,121,670	668,492
Weighted average exercise price	22.5	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	479.8	485.1
Weighted average share price at the date of exercise (In Rs)	472.0	509.4

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 2.13 years [March 31, 2017 - 1.36 years].

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

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

Particulars	March 31, 2018	March 31, 2017
Dividend yield (%)	0.3%	0.3%
Exercise Price (In Rs)	22.5	22.5
Volatility	33.5%	34.2%
Life of the options granted (vesting and exercise period) [in years]	6.15	6.15
Average risk-free interest rate	7.7%	6.7%

35. EXCEPTIONAL ITEM

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. The Company recorded a loss of Rs 795 arising from such incident during the year ended 31 March 2017. During the year ended 31 March 2018, the Company has additionally recorded losses aggregating to Rs. 237. The Company also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (Rs. Nil) under Exceptional items in these standalone financial statements. During the year ended March 31, 2018, the Company has received a disbursement of Rs. 615 (March 31, 2017: Rs 200) from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

36. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	March 31, 2018	March 31, 2017
(a) Amount required to be spent by the Company during the year	52	41
(b) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	52	41

37. EARNINGS PER SHARE (EPS)

	March 31, 2018	March 31, 2017
Earnings		
Profit for the year	3,051	2,873
Shares		
Basic outstanding shares	200,000,000	200,000,000
Less: Weighted average shares held with the ESOP Trust	(1,941,614)	(4,659,952)
Weighted average shares used for computing basic EPS	198,058,386	195,340,048
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	669,605	2,115,356
Weighted average shares used for computing diluted EPS	**198,727,991**	**197,455,404**
Earnings per share		
Basic (in Rs.)	15.46	14.71
Diluted (in Rs.)	15.41	14.55

38. EVENTS AFTER REPORTING PERIOD

On April 25, 2018, the Board of Directors of the Company has recommended a final dividend of Rs. 1 per equity share on face value of Rs. 10 each. The recommended dividend is subject to the approval of the shareholders in the Annual General Meeting of the Company.

39. PRIOR YEARS' COMPARATIVES

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

M. B. Chinappa
Chief Financial Officer

Bengaluru
April 25, 2018

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

Mayank Verma
Company Secretary
ACS Number: 18776

INDEPENDENT AUDITOR'S REPORT

To the Members of Syngene International Limited

Report on the Audit of Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of Syngene International Limited ("the Holding Company") and its subsidiary (foreign subsidiary – Refer Note 1.2 of the Consolidated Ind AS Financial Statements) (collectively referred to as "the Company" or "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "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 Ind AS prescribed under Section 133 of the Act.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the 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, 2018, and its consolidated profit and other comprehensive income, its consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

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 Ind AS Financial Statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards prescribed 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 2018 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 2018 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 Ind AS Financial Statements of the Holding Company, incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 31(i)(a) to the Consolidated Ind AS Financial Statements;

ii. provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28 to the Consolidated Ind AS Financial Statements;

iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2018; and

iv. the disclosures in the Consolidated Ind AS Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 25 April 2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF SYNGENE INTERNATIONAL LIMITED

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Syngene International Limited ("the Holding Company"), a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, which is a company incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company, which is a company incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

S Sethuraman
Partner
Membership number: 203491

Place: Bengaluru
Date: 25 April 2018

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2018

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

	Note	March 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	3	10,121
Capital work-in-progress	3	1,554
Intangible assets	4	183
Financial assets		
(i) Derivative assets		1,078
(ii) Other financial assets	5(a)	81
Deferred tax assets (net)	6	724
Income tax assets (net)		506
Other non-current assets	7(a)	441
Total non-current assets		**14,688**
Current assets		
Inventories	8	860
Financial assets		
(i) Investments	9	1,577
(ii) Trade receivables	10	2,668
(iii) Cash and cash equivalents	11(a)	2,527
(iv) Bank balances other than (iii) above	11(b)	7,147
(v) Derivative assets		886
(vi) Other financial assets	5(b)	847
Other current assets	7(b)	690
Total current assets		**17,202**
Total assets		**31,890**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	12(a)	2,000
Other equity	12(b)	15,204
Total equity		**17,204**
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Borrowings	13(a)	5,855
(ii) Derivative liabilities		118
Provisions	14(a)	290
Other non-current liabilities	15(a)	587
Total non-current liabilities		**6,850**
Current liabilities		
Financial liabilities		
(i) Borrowings	13(b)	781
(ii) Trade payables	16	2,035
(iii) Derivative liabilities		13
(iv) Other financial liabilities	17	2,047
Provisions	14(b)	135
Income tax liabilities (net)		128
Other current liabilities	15(b)	2,697
Total current liabilities		**7,836**
Total equity and liabilities		**31,890**

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: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 25, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2018

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

	Note	Year ended March 31, 2018
INCOME		
Revenue from operations	18	14,231
Other income	19	618
Total income		**14,849**
EXPENSES		
Cost of chemicals, reagents and consumables consumed	20	3,952
Changes in inventories of finished goods and work-in-progress	21	(135)
Employee benefits expense	22	3,796
Finance costs	23	227
Depreciation and amortisation expense	24	1,314
Other expenses	25	2,709
Foreign exchange fluctuation (net)		(739)
Total expenses		**11,124**
Profit before tax and exceptional item		3,725
Exceptional item	35	-
Profit before tax		**3,725**
Tax expense		
Current tax		794
Deferred tax		
MAT credit entitlement		(182)
Others		59
		671
Profit for the year		**3,054**
Other comprehensive income		
(i) Items that will not be reclassified subsequently to profit or loss		
Re-measurement of defined benefit plans		(10)
Income tax effect		2
Net other comprehensive income not to be reclassified subsequently to profit or loss		**(8)**
(ii) Items that will be reclassified subsequently to profit or loss		
Effective portion of gains on hedging instrument in cash flow hedges		133
Income tax effect		(38)
Net other comprehensive income to be reclassified subsequently to profit or loss		**95**
Other comprehensive income for the year, net of taxes		**87**
Total comprehensive income for the year		**3,141**
Profit attributable to:		
Shareholders of the Company		3,054
Non-controlling interest		-
Profit for the year		**3,054**
Other comprehensive income attributable to:		
Shareholders of the Company		87
Non-controlling interest		-
Other comprehensive income for the year		**87**
Total comprehensive income attributable to:		
Shareholders of the Company		3,141
Non-controlling interest		-
Total comprehensive income for the year		**3,141**
Earnings per equity share	37	
Basic (in Rs)		15.47
Diluted (in Rs)		15.43

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: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 25, 2018

STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018

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

		Year ended March 31, 2018
I	**CASH FLOWS FROM OPERATING ACTIVITIES**	
	Profit for the year	3,054
	Adjustments to reconcile profit before tax to net cash flows	
	Depreciation and amortisation expense	1,314
	Loss on assets scrapped	90
	Provision for doubtful receivables	32
	Bad debts written off	4
	Share based compensation expense	125
	Interest expense	227
	Unrealised foreign exchange (gain) / loss	16
	Dividend income on current investments	(25)
	Net gain on sale of current investments	(294)
	Net gain on current investments measured at fair value through profit or loss	(55)
	Proceeds from insurance company	615
	Interest income	(238)
	Tax expenses	671
	Operating profit before working capital changes	**5,536**
	Movements in working capital	
	Decrease/ (increase) in inventories	(538)
	Decrease/ (increase) in trade receivables	(735)
	Decrease/ (increase) in other assets	(227)
	Increase/ (decrease) in trade payables, other liabilities and provisions	1,234
	Cash generated from operations	**5,270**
	Income taxes paid (net of refunds)	(808)
	Net cash flow generated from operating activities	**4,462**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**	
	Purchase of tangible assets	(3,566)
	Purchase of intangible assets	(71)
	Investment in bank deposits	(9,148)
	Redemption/ maturity of bank deposits	4,929
	Dividend received	25
	Interest received	162
	Proceeds from sale of current investments	13,628
	Purchase of current investments	(9,452)
	Net cash flow used in investing activities	**(3,493)**
III	**CASH FLOWS FROM FINANCING ACTIVITIES**	
	Proceeds from exercise of share options	48
	Proceeds/(repayment) from long term borrowings	(193)
	Proceeds/ (repayments) from short term borrowings, net	(174)
	Dividend paid on equity shares including tax thereon	(241)
	Interest paid	(227)
	Net cash flow used in financing activities	**(787)**

STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018 (CONTD.)

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

		Year ended March 31, 2018
IV	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III)**	182
V	**EFFECT OF EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY**	-
VI	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	2,345
VII	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV+V+VI)**	**2,527**
	Components of cash and cash equivalents as at the end of the year	
	Cash on hand	-
	Balances with banks	1,477
	Deposits with maturity of less than 3 months	1,050
	Total cash and cash equivalents [refer note 11(a)]	**2,527**

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: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

M. B. Chinappa
Chief Financial Officer

Mayank Verma
Company Secretary
ACS Number: 18776

Bengaluru
April 25, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2018

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

(A) Equity share capital

	March 31, 2018
Opening balance	2,000
Changes in equity share capital	-
Closing balance	**2,000**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus					Items of other comprehensive income		Total other equity
	Securities premium reserve	General reserve	Treasury shares	Retained earnings	Share based payment	Cash flow hedging reserves	Other items of other comprehensive income	
Balance as at April 01, 2017	1,088	47	(113)	10,026	252	893	(62)	12,131
Profit for the year	-	-	-	3,054	-	-	-	3,054
Other comprehensive income, net of tax	-	-	-	-	-	95	(8)	87
Total comprehensive income for the year	**-**	**-**	**-**	**3,054**	**-**	**95**	**(8)**	**3,141**
Transactions recorded directly in equity								
Dividend including dividend distribution tax	-	-	-	(241)	-	-	-	(241)
Exercise of share options	95	-	-	-	(95)	-	-	-
Purchase of treasury shares	-	-	44	4	-	-	-	48
Share based payment	-	-	-	-	125	-	-	125
Balance as at March 31, 2018	**1,183**	**47**	**(69)**	**12,843**	**282**	**988**	**(70)**	**15,204**

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: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

M. B. Chinappa
Chief Financial Officer

Bengaluru
April 25, 2018

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

Mayank Verma
Company Secretary
ACS Number: 18776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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 has incorporated its wholly owned overseas subsidiary, Syngene USA Inc., ('the Subsidiary') during the year and operational from 1 November 2017. With t7he incorporation of the Subsidiary, the Company has prepared consolidated financial statements for the first time for the year ended 31 March, 2018. Accordingly, comparative figures have not been presented.

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, March 31, 2018. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on April 25, 2018.

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 fina ncial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 1.2(b) — Assessment of functional currency;
- Note 2(c) and 28 — Financial instruments;
- Note 2(d) and 2(e) — Useful lives of property, plant and equipment and intangible assets;
- Note 2(o) — Lease classification;
- Note 27 — measurement of defined benefit obligation; key actuarial assumptions;
- Note 34 — Share based payments; and
- Note 2(m) and 30 — Provision for income taxes and related tax contingencies.

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 is included in the following notes:

— Note 27 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 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 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 34 – share based payment arrangements; and

— Note 2(c) and 28 – financial instruments.

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 March 31, 2016.

ii. Foreign operations

The assets and liabilities of foreign operations (subsidiary) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

c. Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost as described above are

measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

vii. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Cash dividend to equity holders

The Group recognises a liability to make cash to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

d. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Exchange differences arising on long-term foreign currency monetary items initially recognized in the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

ii. **Depreciation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and land under perpetual lease are not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers and servers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years
Vehicles	6 years	6-10 years
Leasehold improvements	10 years or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

e. 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 amortization and any accumulated impairment losses.

i. **Subsequent expenditure**
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

ii. **Amortisation**
Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

— Computer software 5 years

— Intellectual property right 5-10 years

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

f. Business combination

In accordance with Ind AS 103, Business combinations, the Group accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Group (see Note 4). The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

g. 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.

h. Impairment

i. Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

ii. Impairment of non-financial assets

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

The Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i. Employee benefits

i. Gratuity

The Group provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The defined benefit plan is administered by a trust formed for this purpose through the Company gratuity scheme.

The Group recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

ii. Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected

under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions.

iii. Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised is the period in which the absences occur.

iv. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

j. 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.

k. Revenue

i. Contract research and manufacturing services income

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts.

Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The 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 the significant risks and rewards of ownership of the compounds have passed to the buyer.

The Group collects service tax and sales taxes, as applicable, on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

ii. Dividends

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

iii. Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

iv. Contribution received from customers towards plant and equipment

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Group capitalises the gross cost of these assets as the Group controls these assets.

l. 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 amortized over the useful life of such asset. Grants related to income are recognized in statement of profit and loss as other operating revenues.

m. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

— taxable temporary differences arising on the initial recognition of goodwill;

— temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;

— temporary differences related to investments in subsidiary to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

n. 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.

o. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Assets held under lease

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Group's Balance sheet.

iii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

p. 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.

q. Recent Indian Accounting Standards (Ind AS)

Following new standard and amendment to Ind AS have not been applied by the Group as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18'Revenue'.

The core principle of the New Revenue Standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the New Revenue Standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, specific guidance for licensing of intellectual property. The new standard also provides guidance on evaluation of performance obligations being distinct to enable separate recognition and could impact timing of recognition of certain elements of multiple element arrangements.

Significant additional disclosures in relation to revenue are also prescribed. The new revenue standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The Group is in the process of evaluating the impact of the new revenue standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

(This space has been intentionally left blank)

3. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Leasehold Improvements	Total	Capital work-in-progress
Gross carrying amount									
At April 01, 2017	597	2,406	9,758	69	254	15	-	13,099	1,749
Additions	-	496	2,826	31	52	18	172	3,595	3,400
Disposals/other adjustments	-	10	357	-	11	-	-	378	3,595
At March 31, 2018	**597**	**2,892**	**12,227**	**100**	**295**	**33**	**172**	**16,316**	**1,554**
Accumulated depreciation									
At April 01, 2017	-	456	4,528	43	123	5	-	5,155	-
Depreciation	-	106	1,098	14	33	5	10	1,266	-
Disposals	-	3	214	-	9	-	-	226	-
At March 31, 2018	**-**	**559**	**5,412**	**57**	**147**	**10**	**10**	**6,195**	**-**
Net carrying amount									
At March 31, 2018	**597**	**2,333**	**6,815**	**43**	**148**	**23**	**162**	**10,121**	**1,554**

Notes:

(a) Land includes land held on lease under perpetual basis: Gross Block Rs. 555.

(b) Plant and equipment includes computers.

(c) Buildings with a cost of Rs. 2,733 have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

(d) Foreign exchange gain of Rs. 142 on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset.

(e) Additions to property, plant and equipment includes additions related to finance costs capitalised during the year amounting to Rs. 2.

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

4. INTANGIBLE ASSETS

	Computer software	Intellectual property right [refer note (a)]	Total
Gross carrying amount			
At April 01, 2017	100	120	220
Additions	71	-	71
Disposals	-	-	-
At March 31, 2018	**171**	**120**	**291**
Accumulated depreciation			
At April 01, 2017	46	14	60
Depreciation	24	24	48
Disposals	-	-	-
At March 31, 2018	**70**	**38**	**108**
Net carrying amount			
At March 31, 2018	**101**	**82**	**183**

Note:

(a) The Company during the year ended March 31, 2017, acquired the intellectual property rights in system biology and pharma services practice along with a team of data scientists from Strand Life Sciences Private Limited with effect from August 1, 2016 for a consideration of Rs. 120 paid in cash. The transaction was accounted under Ind AS 103 "Business Combinations" as a business combination with the purchase price being allocated to identifiable assets i.e. Intellectual property right at fair value.

(This space has been intentionally left blank)

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

	March 31, 2018
5. OTHER FINANCIAL ASSETS	
(a) Non-current	
Security deposits	81
	81
(b) Current	
Recoverable from insurance company (refer note 35)	217
Interest accrued but not due	74
Unbilled revenues	556
	847
6. DEFERRED TAX ASSET (NET)	
Deferred tax asset	
MAT credit entitlement	1,081
Employee benefit obligations	76
Others	27
	1,184
Deferred tax liability	
Derivatives	185
Property, plant and equipment and intangible assets	256
Others	19
	460
Deferred tax asset (net)	**724**
7. OTHER ASSETS	
(a) Non-current	
Capital advances	176
Balances with statutory / government authorities	186
Prepayments	79
	441
(b) Current	
Advances other than capital advances	95
Export incentive receivables	370
Balances with statutory / government authorities	28
Prepayments	197
	690
8. INVENTORIES	
Chemicals, reagents and consumables *	542
Work-in-progress	235
Finished goods	83
	860
* includes goods in-transit Rs 29.	
9. INVESTMENTS	
Current investments	
Investments In Mutual Funds (quoted) (Non trade)	
Aditya Birla Sun Life Cash Plus - Growth - 435,364 units of Rs. 279 each	121
Aditya Birla Sun Life Savings Fund - Growth - 496,963 units of Rs.342 each	170
Axis Banking and PSU Debt Fund - Growth - 11,184 units of Rs. 1,603 each	18
HDFC FMP 92D February 2018 - Growth - 15,000,000 units of Rs. 10 each	151
ICICI Prudential Flexible Income Fund - Growth - 81,749 units of Rs. 333 each	27
IDFC Ultra Short term Fund - Growth - 28,457,666 units of Rs. 25 each	705
UTI Liquid Fund Cash Plan - Growth - 17,772 units of Rs. 2,845 each	50
UTI Treasury Advantage Fund - Growth - 140,087 units of Rs. 2,395 each	335
	1,577
Aggregate value of quoted investments (cost)	**1,522**

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

	March 31, 2018
10. TRADE RECEIVABLES	
Unsecured, considered good [refer note 26]	2,668
Considered Doubtful	64
	2,732
Allowance for credit loss	(64)
	2,668
The above includes :	
Due from Narayana Hrudayalaya Limited ('NHL') in which a director of the Company is a member of board of directors.	1

The Group's exposure to credit and currency risks, and loss allowances are disclosed in note 28.

	March 31, 2018
11. CASH AND BANK BALANCES	
(a) Cash and cash equivalents	
Cash on hand	-*
Balances with banks (on current accounts)	1,477
Deposits with original maturity of less than 3 months	1,050
	2,527
(b) Bank balances other than above	
Deposits with maturity of less than 12 months	7,147
	7,147

*Less than Rs. 0.5 million.

(i) The Company has Balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

12 (a) EQUITY SHARE CAPITAL

Authorised	
250,000,000 equity shares of Rs 10 each	2,500
Issued, subscribed and fully paid-up	
200,000,000 equity shares of Rs 10 each	2,000
	2,000

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

Equity shares	March 31, 2018	
	No.	Rs
At the beginning of the year	200,000,000	2,000
Issued during the year	-	-
At the end of the year	**200,000,000**	**2,000**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	March 31, 2018	
	No.	% holding
Equity Shares of Rs. 10 each fully paid		
Biocon Limited (holding company)	145,217,843	72.61%
Biocon Research Limited (subsidiary of Biocon Limited)	1,866,673	0.93%

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

	March 31, 2018	
	No.	% holding
Equity shares of Rs. 10 each fully paid		
Biocon Limited	145,217,843	72.61%

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

(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:

	March 31, 2018
Equity shares allotted as fully paid bonus shares by capitalization of securities premium #	171,931,136
Equity shares allotted as fully paid pursuant to contracts for consideration other than cash @	3,614,036

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

@ Syngene Employees Welfare Trust transferred equity shares to eligible employees upon meeting of the vesting conditions as per Syngene Employee Stock Option Plan 2011. The consideration other than exercise price was received in form of employee services.

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

12(b) OTHER EQUITY

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Group. 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 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.

13. BORROWINGS

	March 31, 2018
(a) Non-current borrowings	
Term loans from banks	
Buyers credit loan(secured) [refer note (i) below]	418
External commercial borrowings(secured) [refer note (ii) below]	6,508
Finance lease obligations [refer note (iv) below]	167
	7,093
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(1,238)
	5,855
(b) Current borrowings	
Term loans from banks	
Pre shipment credit [refer note (iii) below]	781
	781
The above amount includes	
Secured borrowings	6,926
Unsecured borrowings	948
Less: Amount disclosed under "other current financial liabilities" [refer note 17]	(1,238)
	6,636

Notes:

(i) The Company has obtained foreign currency denominated long term secured buyer's credit loans of Rs. 418 (USD 6.42 million) as of March 31, 2018 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan is guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India is secured by a pari passu charge on the current assets and movable fixed assets of the Company with a carrying amount of Rs. 1,636. The loans are repayable at end of 960 days to 1,079 days from the date of its origination.

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

(ii) (a) The Company has entered into External Commercial Borrowing agreement with The Hongkong and Shanghai Banking Corporation Limited (the Agent), Citibank N.A. and HSBC Bank (Mauritius) Limited (the Lead arrangers) dated March 30, 2016 to borrow 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 repayable in two instalments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of USD 50 million carries an interest rate of Libor + 1.30% and is repayable in March 2021.

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

(iii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of Rs. 781 (USD 12 Million) from HDFC Bank Limited that carries interest rate of Libor + 0.55% to Libor + 0.60%. The loans are repayable after the end of 6 months from the date of its origination.

(iv) The Company has obtained lease of utilities for its office use from Velankani Information Systems Limited (VISL) on a ten year non-cancellable basis. Finance Lease obligations reflect present value of such discounted monthly payments payable to VISL over the tenure of the lease contract.

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

14. PROVISIONS

	March 31, 2018
(a) Non-current	
Provision for employee benefits	
Gratuity (refer note 27)	290
	290
(b) Current	
Provision for employee benefits	
Gratuity (refer note 27)	30
Compensated absences	105
	135

(i) Movement in provisions	Gratuity	Compensated absences
Opening balance	239	94
Provision recognised during the year	81	11
Closing balance	**320**	**105**

15. OTHER LIABILITIES

	March 31, 2018
(a) Non-current	
Deferred rent liability	24
Deferred revenues	563
	587
(b) Current	
Advances from customers	2,335
Deferred revenues	156
Others:	
Statutory dues	95
Other dues	111
	2,697

16. TRADE PAYABLES

Trade payables	2,035
	2,035

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

Current maturities of long term borrowings with banks [refer note 13]	1,238
Payable for capital goods	632
Book overdraft	177
	2,047

(i) The Company has unpaid dividends which are not disclosed above since amounts are rounded off to Rupees million.

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

	Year ended March 31, 2018
18. REVENUE FROM OPERATIONS	
Sale of services	
Contract research and manufacturing services income	13,245
Other operating revenues	
Scrap sales	24
Export incentives [refer note (a) below]	737
Others [refer note (b) below]	225
	14,231

Note:
(a) Export incentives include Rs. 456 relating to previous years. These were recorded in current year due to certainity in realisation of export incentives.
(b) Others include income from support services and release from deferred revenue for assets funded by customers over the useful life.

19. OTHER INCOME	
Interest income on:	
Deposits with banks	236
Lease deposits	2
Tax refunds	5
Dividend income on current investments	25
Net gain on sale of current investments	294
Net gain on current investments measured at fair value through profit or loss	55
Other non-operating income	1
	618
20. COST OF CHEMICALS, REAGENTS AND CONSUMABLES CONSUMED	
Inventory at the beginning of the year	139
Add: Purchases	4,355
Less: Inventory at the end of the year	(542)
	3,952
21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS	
Inventories at the beginning of the year	
Work-in-progress	134
Finished goods	49
	183
Inventories at the end of the year	
Work-in-progress	235
Finished goods	83
	318
	(135)
22. EMPLOYEE BENEFITS EXPENSE	
Salaries, wages and bonus	3,243
Contribution to provident fund and other funds	154
Gratuity expenses (refer note 27)	80
Share based compensation expense (refer note 34)	128
Staff welfare expenses	191
	3,796
23. FINANCE COSTS	
Interest expense	227
	227
24. DEPRECIATION AND AMORTISATION EXPENSE	
Depreciation of tangible assets [refer note 3]	1,266
Amortisation of intangible assets [refer note 4]	48
	1,314

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

	Year ended March 31, 2018
25. OTHER EXPENSES	
Rent	97
Communication expenses	16
Travelling and conveyance	239
Professional charges	333
Payments to auditors [refer note (a) below]	5
Directors' fees including commission	16
Power and fuel	347
Facility charges	149
Insurance	128
Rates and taxes	237
Repairs and maintenance	
Plant and machinery	391
Buildings	111
Others	165
Selling expenses	
Freight outwards and clearing charges	34
Sales promotion expenses	27
Provision for doubtful receivables	32
Bad debts written off	4
Printing and stationery	30
Clinical trial expenses	143
Contributions towards CSR (refer note 36)	52
Loss on assets scrapped	90
Miscellaneous expenses	63
	2,709
(a) Payments to auditors:	
As an auditor:	
Statutory audit	2
Tax audit	1
Limited review	1
In other capacity:	
Other services (certification fees) [refer note (i) below]	-
Reimbursement of expenses	1
	5

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

(This space has been intentionally left blank)

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

26. RELATED PARTY TRANSACTIONS

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

Sl. No.	Name of the related party	Relationship	Description of transaction	Transaction value for year ended March 31, 2018 Expenses/ (Income)/ Other transactions	Balance as at March 31, 2018 Payable / (Receivable)/ Other transactions
A.	**Remuneration paid to key management personnel [refer note (i) below]**				
(a)	Jonathan Hunt	Director and Chief Executive Officer	Salary and perquisites [refer note (i) and (ii) below]	47	-
			Share based payments	47	-
(b)	M.B. Chinappa	Chief Financial officer	Salary and perquisites [refer note (i) below]	28	-
			Share based payments	2	-
(c)	Mayank Verma	Company Secretary	Salary and perquisites [refer note (i) below]	3	-
			Share based payments	-*	-
(d)	Russell Walls	Independent director	Sitting fees & commission	3	1
(e)	Bala S Manian	Independent director	Sitting fees & commission	3	1
(f)	Paul Blackburn	Independent director	Sitting fees & commission	3	1
(g)	Suresh Talwar	Independent director	Sitting fees & commission	3	1
(h)	Vijay Kuchroo	Independent director	Sitting fees & commission	2	1
(i)	Vinita Bali (w.e.f. 31 July 2017)	Independent director	Sitting fees & commission	2	1
(j)	Catherine Rosenberg	Non-executive director	Sitting fees	-*	-*
B.	**Others**				
(a)	Biocon Limited	Holding Company	Rent expense	65	-
			Power and facility charges [refer note (iii) below]	547	-
			Purchase of goods	3	-
			Other expenses	55	-
			Sale of services	(187)	-
			Final dividend	145	-
			Trade payables	-	285
			Deferred rent liability	-	22
			Rent deposit paid	-	(23)
			Trade receivables	-	(254)
			Guarantee given by Biocon Limited to CED on behalf of the Company	-	148
(b)	Biocon Research Limited	Fellow subsidiary	Sale of services	(1)	-
			Final dividend	2	-
			Trade receivables	-	(7)
(c)	Biocon SA, Switzerland	Fellow subsidiary	Sale of services	(3)	-
			Trade receivables	-	(3)
(d)	Biocon Biologics Limited, UK	Fellow subsidiary	Sale of services	(163)	-
			Trade receivables	-	(175)
(e)	Biocon Sdn. Bhd., Malaysia	Fellow subsidiary	Sale of services	(84)	-
			Trade receivables	-	(50)
			Trade payables	-	2
(f)	Biocon Foundation	Trust #	Contribution towards CSR	52	-
(g)	Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of services	(1)	-
			Health services availed	-*	-
			Trade receivables	-	(1)
			Trade payables	-	-*
(h)	Jeeves	Enterprise in which relative to a director of the Company is proprietor	Staff welfare expenses	4	-
			Trade payables	-	-

* Less than Rs. 0.5 million.

Trust in which Kiran Mazumdar Shaw is a Trustee.

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

Notes:

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

(ii) Salary and perquisites of Jonathan Hunt includes contribution to provident fund of Rs. 3 relating to earlier period.

(iii) Effective from October 1, 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs 157 and power charges (including other charges) of Rs 390 have been charged by Biocon Limited for the year ended March 31, 2018.

(iv) Fellow subsidiary companies with whom the Group did not have any transactions -

NeoBiocon FZ LLC, a subsidiary of Biocon Limited

Biocon FZ LLC, a subsidiary of Biocon Limited

Biocon Pharma Limited, India - subsidiary of Biocon Limited

Biocon Pharma Inc, USA - subsidiary of Biocon Limited

Biocon Biologics India Limited, India - subsidiary of Biocon Limited

Biocon Academy, India - subsidiary of Biocon Limited

Biocon Healthcare Sdn Bhd, Malaysia - subsidiary of Biocon Limited

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

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

(This space has been intentionally left blank)

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

27. EMPLOYEE BENEFIT PLANS

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on April 01, 2017	241	(2)	239
Current service cost	53	-	53
Interest cost	27	-	27
Amount recognised in Statement of profit and loss	**80**	**-**	**80**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(1)	(1)
Actuarial (gain) / loss arising from:			
Demographic assumptions	23	-	23
Financial assumptions	(29)	-	(29)
Experience adjustment	17	-	17
Amount recognised in other comprehensive income	**11**	**(1)**	**10**
Benefits paid	(9)	-	(9)
Balance as at March 31, 2018	**323**	**(3)**	**320**

	March 31, 2018
Non current	290
Current	30
	320

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

(ii) The assumptions used for gratuity valuation are as below:	March 31, 2018
Interest rate	7.7%
Discount rate	7.7%
Expected return on plan assets	7.7%
Salary increase	9.0%
Attrition rate (based on Age of the Employee)	5% - 16%
Retirement age - Years	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 8 years.

The defined benefit plan exposes the Company to actuarial risks, such as longevity and interest rate risk.

(iii) Sensitivity analysis

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

	March 31, 2018	
	Increase	Decrease
Discount rate	(22)	25
Salary increase	24	(21)
Attrition rate	(4)	5

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

As of March 31, 2018, the plan assets have been invested in insurer managed funds and the expected contribution to the fund during the year ending March 31, 2019, is approximately Rs 30.

Maturity profile of defined benefit obligation

Particulars	March 31, 2018
1st Following year	30
2nd Following year	29
3rd Following year	28
4th Following year	27
5th Following year	27
Years 6 to 10	140
Years 11 and above	355

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

28. FINANCIAL INSTRUMENTS: FAIR VALUE AND RISK MANAGEMENTS

A. Accounting classification and fair values

March 31, 2018	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative assets (non-current)	-	1,078	-	1,078	-	1,078	-	1,078
Other financial assets (non-current)	-	-	81	81	-	-	-	-
Investments (current)	1,577	-	-	1,577	1,577	-	-	1,577
Trade receivables	-	-	2,668	2,668	-	-	-	-
Cash and cash equivalents	-	-	2,527	2,527	-	-	-	-
Bank balances other than above	-	-	7,147	7,147	-	-	-	-
Derivative assets (current)	19	867	-	886	-	886	-	886
Other financial assets (current)	-	-	847	847	-	-	-	-
	1,596	**1,945**	**13,270**	**16,811**	**1,577**	**1,964**	**-**	**3,541**
Financial liabilities								
Borrowings (non-current)	-	-	5,855	5,855	-	-	-	-
Derivative liabilities (non-current)	-	118	-	118	-	118	-	118
Borrowings (current)	-	-	781	781	-	-	-	-
Trade payables	-	-	2,035	2,035	-	-	-	-
Derivative liabilities (current)	-	13	-	13	-	13	-	13
Other financial liabilities (current)	-	-	2,047	2,047	-	-	-	-
	-	**131**	**10,718**	**10,849**	**-**	**131**	**-**	**131**

Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

For the fair values of forward/option contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Particulars	Impact on profit or loss	Impact on other components of equity
	March 31, 2018	March 31, 2018
USD Sensitivity		
INR/USD - Increase by 1%	(3)	(342)
INR/USD - Decrease by 1%	3	342
EUR Sensitivity		
INR/EUR - Increase by 1%	-	(290)
INR/EUR - Decrease by 1%	-	290

B. Financial risk management

The Group's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

(i) Risk management framework

The Group's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments In mutual funds and other financial instruments.

The Group has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 3,224. The movement in allowance for impairment in respect of trade receivables during the year was as follows:

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

Allowance for Impairment	March 31, 2018
Opening balance	32
Impairment loss recognised	32
Closing balance	**64**

Receivable from two customers of the Group's receivables is Rs. 671 which is more than 10 percent of the Group's total receivables.

Credit risk on cash and cash equivalent is limited as the Group generally invests in deposits with banks having high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units.

(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 March 31, 2018:

Particulars	Less than 1 year	1 - 2 years	2-5 years	5 - 10 years	Total
Borrowings (non-current)	1,238	2,450	3,295	110	7,093
Borrowings (current)	781	-	-	-	781
Trade payables	2,035	-	-	-	2,035
Derivative liabilities (non-current)	-	2	24	92	118
Derivative liabilities (current)	13	-	-	-	13
Other financial liabilities	809	-	-	-	809
Total	**4,876**	**2,452**	**3,319**	**202**	**10,849**

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Group holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

The currency profile of financial assets and financial liabilities as at March 31, 2018 is as below:

March 31, 2018	USD	EUR	Others	Total
Financial assets				
Trade receivables	2,284	75	-	2,359
Cash and cash equivalents	434	-	-	434
Other financial assets (current)	520	14	-	534
Financial liabilities				
Borrowings (non-current)	(5,695)	-	-	(5,695)
Borrowings (current)	(781)	-	-	(781)
Trade payables	(466)	(3)	(104)	(573)
Other financial liabilities (current)	(1,345)	(36)	(20)	(1,401)
Net assets / (liabilities)	**(5,049)**	**50**	**(124)**	**(5,123)**

Sensitivity analysis

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

Particulars	Impact on profit or loss March 31, 2018	Impact on other components of equity March 31, 2018
USD Sensitivity		
INR/USD - Increase by 1%	(54)	(395)
INR/USD - Decrease by 1%	54	395
EUR Sensitivity		
INR/EUR - Increase by 1%	(1)	(1)
INR/EUR - Decrease by 1%	1	1

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

Derivative financial instruments

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

Particulars	March 31, 2018
Foreign exchange forward contracts to buy	USD 383 (INR 24,916)
European style option contracts with periodical maturity dates	USD 190 (INR 12,368)

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 March 31, 2018, 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	March 31, 2018
Variable rate borrowings	2,826
Fixed rate borrowings	5,048
Total borrowings	**7,874**

(b) Sensitivity

The Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

29. CAPITAL MANAGEMENT

The key objective of the 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/buy back of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of March 31, 2018 was as follows:

Particulars	March 31, 2018
Total equity attributable to the equity shareholders of the Company	17,204
As a percentage of total capital	69%
Long-term borrowings	7,093
Short-term borrowings	781
Total borrowings	**7,874**
As a percentage of total capital	31%
Total capital (Equity and Borrowings)	**25,078**

(This space has been intentionally left blank)

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

30. TAX EXPENSE

(a) Amount recognised in Statement of profit and loss

	March 31, 2018
Current tax	794
Deferred tax:	
MAT credit entitlement	(182)
Others related to:	
Origination and reversal of other temporary differences	59
Tax expense for the year	**671**
Reconciliation of effective tax rate	
Profit before tax	3,725
Tax at statutory income tax rate 34.61%	1,289
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income	
Exempt income	(7)
Tax incentive	(519)
Additional deduction on investment allowance	-
Non-deductible expense	44
Basis difference that will reverse during the tax holiday period	(62)
Others	(74)
Income tax expense	**671**

(b) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the balance sheet

For the year ended March 31, 2018	Opening balance	Recognised in profit or loss	Recognised in OCI	Closing balance
Deferred tax asset				
MAT credit entitlement	899	182	-	1,081
Employee benefit obligations	58	16	2	76
Others	15	12	-	27
Gross deferred tax assets	**972**	**210**	**2**	**1,184**
Deferred tax liability				
Derivatives	147	-	38	185
Property, plant and equipment and intangible assets	158	98	-	256
Others	30	(11)	-	19
Gross deferred tax liability	**335**	**87**	**38**	**460**
Deferred tax asset / (liabilities), net	**637**	**123**	**(36)**	**724**

(This space has been intentionally left blank)

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

31. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

	March 31, 2018
(i) Contingent liabilities	
(a) Claims against the Company not acknowledged as debt	2,383
The above includes:	
(I) Income tax matters relating to financial year 2002 - 03 to 2014 - 15	2,358
(II) Service tax matters	23
(III) Sales tax matters	2
Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that there will not have any material adverse effect on the Company's financial position or results of operations.	
(b) Guarantees	
Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	2
(ii) Commitments	
(a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	2,447
(b) Operating lease commitments (Company is a lessee)	
Rent	
The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2027. Gross rental expenses for the year aggregate to Rs 97.	
Future minimum rentals payable under non-cancellable operating leases are as follows:	
Not later than one year	29
Later than one year and not later than five years	133
Later than five years	180
(c) Finance lease commitments (Company is a lessee)	
The Company has entered into lease for use of certain items of leasehold improvements on finance lease basis. The legal title to these items vests with lessor. The lease term of leasehold improvements is 10 years covering a period upto 2027.	
Future minimum lease payable including interest element under finance leases are as follows:	
Not later than one year	22
Later than one year and not later than five years	100
Later than five years	135

32. (a) INTEREST IN OTHER ENTITIES

Subsidiary

The Group's subsidiary as at March 31, 2018 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 March 31, 2018 %	Ownership interest held by the non-controlling interest March 31, 2018 %	Principal activities
Syngene USA Inc.	United States	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 March 31, 2018		Share in profit or loss for the year ended March 31, 2018		Share in other comprehensive income for the year ended March 31, 2018		Share in total comprehensive income for the year ended March 31, 2018	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Holding Company								
Syngene International Limited	100%	17,201	100%	3,051	100%	87	100%	3,138
Subsidiary								
Syngene USA Inc.	-	3	-	3	-	-	-	3
Non-controlling interest								
Total	100%	17,204	100%	3,054	100%	87	100%	3,141

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

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 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 March 31, 2018
Contract research and manufacturing services income	
India	1,403
United States of America	9,014
Rest of the World	3,814
Total	**14,231**

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

	Year ended March 31, 2018
Carrying amount of non-current assets	
India	12,805
Outside India	-
Total	**12,805**

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

Major customer

Revenue from one customer of the Group's Revenue from operations is Rs. 3,499 which is more than 10 percent of the Group's total revenue.

34. SHARE BASED COMPENSATION

Syngene ESOP Plan

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company. The Board of Directors approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 6,680,000 equity shares (Face Value of Rs. 10 per share) of the Company using the proceeds from interest free loan of Rs. 150 obtained from the Company, adjusted for the consolidation of shares and bonus issue. As at March 31, 2018, the Trust holds 3,065,964 equity shares of face value of Rs. 10 each, adjusted for the consolidation of shares and bonus issue. As of March 31, 2018, the Trust has transferred 3,614,036 equity shares to the employees on exercise of their stock options.

Grant

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

Details of Grant

Particulars	March 31, 2018 No. of options
Outstanding at the beginning of the year	3,634,457
Granted during the year	121,500
Forfeited during the year	(73,174)
Exercised during the year	(1,447,561)
Outstanding at the end of the year	2,235,222
Exercisable at the end of the year	1,121,670
Weighted average exercise price	22.5
Weighted average fair value of shares granted during the year under Black Scholes Model (In Rs)	479.8
Weighted average share price at the date of exercise (In Rs)	472.0

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2018 is 2.13 years.

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

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

Particulars	March 31, 2018
Dividend yield (%)	0.3%
Exercise Price (In Rs)	22.5
Volatility	33.5%
Life of the options granted (vesting and exercise period) [in years]	6.15
Average risk-free interest rate	7.7%

35. EXCEPTIONAL ITEM

Pursuant to a fire incident on 12 December 2016, certain fixed assets, inventory and other contents in one of the buildings of the Company were damaged. The Company lodged an estimate of loss with the insurance company and the survey is currently ongoing. During the year ended 31 March 2018, the Company has additionally recorded losses aggregating to Rs. 237. The Company also recognised a minimum Insurance claim receivable for equivalent amounts in the respective periods. The aforementioned loss and the corresponding credit arising from insurance claim receivable has been presented on a net basis (Rs. Nil) under Exceptional items in these consolidated financial statements. During the year ended March 31, 2018, the Company has received a disbursement of Rs. 615 from the insurance company and the same has been adjusted with the amount recoverable from the insurance company.

In addition, the Company is in the process of determining its final claim for loss of fixed assets and Business Interruption and has accordingly not recorded any further claim arising therefrom at this stage.

36. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	March 31, 2018
(a) Amount required to be spent by the Company during the year	52
(b) Amount spent during the year (in cash)	
(i) Construction / acquisition of any asset	-
(ii) On purposes other than (i) above	52

37. EARNINGS PER SHARE (EPS)

	March 31, 2018
Earnings	
Profit for the year	3,054
Shares	
Basic outstanding shares	200,000,000
Less: Weighted average shares held with the ESOP Trust	(1,941,614)
Weighted average shares used for computing basic EPS	198,058,386
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	669,605
Weighted average shares used for computing diluted EPS	198,727,991
Earnings per share	
Basic (in Rs.)	15.47
Diluted (in Rs.)	15.43

38. EVENTS AFTER REPORTING PERIOD

On April 25, 2018, the Board of Directors of the Company has recommended a final dividend of Rs. 1 per equity share on face value of Rs. 10 each. The recommended dividend is subject to the approval of the shareholders in the Annual General Meeting of the Company.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 25, 2018

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

M. B. Chinappa
Chief Financial Officer

Bengaluru
April 25, 2018

Jonathan Hunt
Director & Chief Executive Officer
DIN: 07774619

Mayank Verma
Company Secretary
ACS Number: 18776

NOTICE

Notice is hereby given that the 25th Annual General Meeting ("AGM") of Syngene International Limited will be held on Wednesday, July 25, 2018 at 2:30 P.M. at Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Bommasandra Industrial Area, Jigani Link Road, Bengaluru 560 099, to transact the following business:

ORDINARY BUSINESS:

Item No. 1: Adoption of financial statements

To consider and adopt the audited consolidated and standalone financial statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon.

Item No. 2: Declaration of Dividend

To declare a final dividend of Re. 1 per equity share for the financial year ended March 31, 2018.

Item No. 3: Appointment of John Shaw as director liable to retire by rotation

To appoint John Shaw who retires by rotation and, being eligible, offers himself for re-appointment.

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

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

"**RESOLVED THAT** pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. B S R & Co. LLP, Chartered Accountants bearing Registration Number 101248W/W-100022, as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the next AGM of the Company to be held in 2019 at such remuneration as may be mutually agreed between the Board of Directors of the Company in consultation with the Audit and Risk Committee and the Auditors'.

SPECIAL BUSINESS:

Item No. 5: To appoint Vinita Bali (DIN: 00032940) as an Independent Director of the Company.

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

''**RESOLVED THAT** pursuant to section 149, 152, 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, Vinita Bali (DIN: 00032940), who was appointed by the Board of Directors as an Additional Director of the Company with effect from July 31, 2017 and who holds office up to the conclusion of 25th AGM of the company in terms of Section 161 of the Act being eligible, be and is hereby appointed as Independent Director, not liable to retire by rotation, for a tenure of three years commencing from the date of Board's appointment till the conclusion of 27th AGM proposed to be held in 2020;

RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things which may be necessary for appointment of Vinita Bali (DIN: 00032940) as an Independent Director on the Board of the Company.''

Item No. 6: To re-appoint Suresh Talwar (DIN: 00001456) as an Independent Director of the Company.

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

"**RESOLVED THAT** pursuant to section 149, 152, 160 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with schedule IV of Act, Suresh Talwar (DIN: 00001456), be and is hereby re-appointed as an Independent Director, not liable to retire by rotation, for another tenure of five years commencing from the date of shareholders' approval till the conclusion of 30th AGM proposed to be held in 2023;

RESOLVED FURTHER THAT any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things which may be necessary for re-appointment of Suresh Talwar (DIN: 00001456) as an Independent Director on the Board of the Company.''

Item No. 7: To approve Syngene International Limited Restricted Stock Units Plan 2018 and grant of Restricted Stock Units to eligible employees of the Company.

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

"**RESOLVED THAT** pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines/ Circulars in that behalf and subject to such other approval(s), consent(s), permission(s), and sanction(s) as may be necessary from the appropriate regulatory authority(ies)/ institution(s) and such conditions and modifications as may be prescribed/ imposed by the appropriate regulatory authority(ies)/ institution(s) while granting such approval(s), consent(s), permission(s) and/ or sanction(s) and may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration

Committee of the Board or any other Committee constituted and empowered by the Board for the purpose, hereinafter referred to as 'the Committee') the consent of the members of the Company be and is hereby accorded to approve, formulate and implement "Syngene International Limited Restricted Stock Units Plan 2018" ("the Plan") through the trust route and the Board be and is hereby authorised to create, issue, offer, grant and allot, in one or more tranches, a maximum of 1,00,00,000 (One Crore) Restricted Stock Units ("RSU's") (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) exercisable into 1,00,00,000 (One Crore) equity shares of face value of Rs. 10/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) to or for the benefit of permanent employees whether working in India or outside India and directors whether a whole-time director or not (other than promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) of the Company including the employees of present and future subsidiary Company (ies) and such other employees as may be permitted under the applicable laws (hereafter collectively referred as "Identified Employees") and as may be approved by the Board, from time to time at such price or prices in one or more tranches and on such terms and conditions as may be determined by the Board in accordance with the applicable laws, and as per the terms of the Plan and to provide for grant and subsequent vesting and exercise of RSU's by Identified Employees in the manner and method as contained in the Plan and described in the explanatory statement.

RESOLVED FURTHER THAT subject to the applicable laws, consent of the member(s) of the Company be and is hereby accorded to the Board of the Company to implement the Plan through an irrevocable trust by the name "Syngene Employees Welfare Trust ("the Trust");

RESOLVED FURTHER THAT in compliance with section 62 (1) (b) and applicable provisions of the Act and other applicable laws including but not limited to Indian Trust Act, 1882, the Board be and is hereby authorized to allot the fresh equity shares upto 1,00,00,000 (One Crore) of Rs. 10/- each of the company (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable for time to time), to Syngene Employees Welfare Trust over period of a time for the purpose of implementation of the Plan;

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take requisite steps for listing of the equity shares allotted under the Plan, from time to time, on the Stock Exchanges where the equity shares of the Company are listed;

RESOLVED FURTHER THAT in case of any corporate action(s) such as right issues, bonus issues, split, consolidation of shares, or other reorganization of the capital structure of the Company, the ceiling as aforesaid of 1,00,00,000 (One Crore) shares shall be deemed to be increased/decreased, as may be determined by the Board, to facilitate making a fair and reasonable adjustment to the entitlements of participants under the plan;

RESOLVED FURTHER THAT the Company shall conform compliance to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein;

RESOLVED FURTHER THAT the Nomination and Remuneration Committee ('Committee') be and is hereby designated as Compensation Committee pursuant to SEBI Regulations for administration and superintendence of the Plan;

RESOLVED FURTHER THAT the Board of the Company, subject to compliance of the applicable laws and regulations, be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the Plan not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental to and ancillary thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, and things, as it may, in its absolute discretion deem necessary including but not limited to appoint Advisors, Merchant Bankers, Consultants or Representatives, being incidental for the effective implementation and administration of the Plan and to make applications to the appropriate Authorities, for their requisite approvals and take all necessary actions and to settle all such questions, difficulties or doubts whatsoever that may arise while implementing this resolution."

Item No. 8: To approve grant of Restricted Stock Units to the employees of present and future subsidiary company (ies) under Syngene International Limited Restricted Stock Units Plan 2018.

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

"**RESOLVED THAT** pursuant to the provisions of Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Memorandum

of Association and Articles of Association of the Company and any other applicable and prevailing statutory Guidelines/ Circulars in that behalf and subject to such other approval(s), consent(s), permission(s), and sanction(s) as may be necessary from the appropriate regulatory authority(ies)/ institution(s) and such conditions and modifications as may be prescribed/ imposed by the appropriate regulatory authority(ies)/ institution(s) while granting such approval(s), consent(s), permission(s) and/ or sanction(s) and may be agreed by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board or any other Committee constituted and empowered by the Board for the purpose, hereinafter referred to as 'the Committee'), the consent of the members of the Company be and is hereby accorded to extend the benefits of the Syngene International Limited Restricted Stock Units Plan 2018 ("the Plan") to or for the benefit of permanent employees whether working in India or outside India and directors whether a whole-time director or not (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) of the present and future subsidiary company (ies) of the Company, and such other employees as may be permitted under the applicable laws (hereafter collectively referred as "Identified Employees") and as may be approved by the Board from time to time, on such terms and conditions, as contained in the Plan;

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company;

RESOLVED FURTHER THAT the Company shall conform compliance to the applicable Accounting Policies, Guidelines or Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein;

RESOLVED FURTHER THAT the Board of the Company, subject to compliance of the applicable laws and regulations, be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the Plan not prejudicial to the interests of the Identified Employees and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the Plan and do all other things incidental to and ancillary thereof."

Item No. 9: To approve the provision of money by the Company for purchase of its own shares by Syngene Employees Welfare Trust for the benefit of employees under Syngene International Limited Restricted Stock Units Plan 2018

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

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b), 67, Rule 16 of the Companies (Share Capital and Debentures) Rules, 2015 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), the Memorandum of Association and Articles of Association, and any other applicable and prevailing statutory Guidelines/ Circulars in that behalf, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to grant loan, to provide guarantee or security in connection with a loan granted or to be granted to, the Syngene Employees Welfare Trust (hereinafter referred to as "the Trust") in one or more tranches not exceeding 5% (Five percent) of the aggregate of the paid-up share capital and Free Reserves for the purpose of subscription and/or purchase of equity shares of the Company by the Trust, in one or more tranches, subject to the ceiling of equity shares as may be collectively prescribed under "Syngene International Limited Restricted Stock Units Plan 2018 ("the Plan") and/or any other share based employee benefit plan which may be introduced by the Company from time to time (hereinafter referred to as "Employee Benefit Plan(s)", with a view to deal in such equity shares in line with contemplated objectives of the Plan or for any other purpose(s) as permitted under and in due compliance with the provisions of the SEBI Regulations, the Companies Rules and other applicable laws and regulations;

RESOLVED FURTHER THAT any loan provided by the Company shall be repayable to and recoverable by the Company from time to time during the term of the Plan and/or Employee Benefit Plans, as the case may be, subject to exercise price being paid by the employees on exercise of Restricted Stock Units/ Employee Stock Options under the respective Employee Benefit Plan;

RESOLVED FURTHER THAT the Trust shall not deal in derivatives and shall undertake transactions as permitted by SEBI SBEB Regulations;

RESOLVED FURTHER THAT the Trustees of the Trust shall not vote in respect of the shares held by such Trust;

RESOLVED FURTHER THAT for the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as non-promoter and non-public shareholding;

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliance of the provisions of the SEBI SBEB Regulations, Companies Rules and all other applicable laws at all times

in connection with dealing with the shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to comply with the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

By Order of the Board of Directors

For Syngene International Limited

Place: Bengaluru
Date: April 25, 2018

Mayank Verma
Company Secretary

Registered Office:
Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area,
IV Phase, Jigani Link Road,
Bengaluru – 560 099,
Karnataka
CIN: L85110KA1993PLC014937
Website: www.syngeneintl.com

NOTES:

1. A shareholder entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint a proxy to attend and vote in the meeting and the proxy need not be a shareholder of the company.

2. The instrument appointing a proxy, in order to be effective, should be deposited at the registered office of the company, duly completed, signed and stamped, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. Pursuant to provisions of section 105 of the Companies Act, 2013 ("the Act") read with the applicable rules, a person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A shareholder holding more than ten percent of the total share capital of the company carrying voting rights, may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. Corporate shareholders intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

5. Shareholders are requested to bring their copies of Annual Report to the meeting. In order to enable us to register your attendance at the venue of the AGM, shareholders are requested to please bring their folio number/ demat account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.

6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Only bonafide shareholders of the Company whose names appear on the Register of Shareholders/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-shareholders from attending the meeting.

8. The Explanatory Statement pursuant to Section 102 of the Act, which sets out details relating to Special Business at the meeting, is annexed hereto.

9. The register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the register of Contracts and Arrangements in which directors are interested, maintained under section 189 of the Act will be available for inspection by the shareholders at the meeting.

10. Shareholders holding shares in Electronic (Demat) form are advised to inform the particulars of their bank account, change of postal address and email ids to their respective Depository Participants only. The Company or its Registrar and Share Transfer Agent i.e. Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the shareholders holding shares in demat mode for changes in any bank mandates or other particulars.

11. Shareholders holding shares in physical form are advised to inform the particulars of their bank account, change of postal address and email ids to Karvy Computershare Private Limited (Unit: Syngene International Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.

12. Shareholders holding shares in Electronic (demat) form or in physical mode are requested to quote their DPID & Client ID or Folio details respectively in all correspondences, including dividend matters to the Registrar and Share Transfer Agent, Karvy Computershare Private Limited (Unit: Syngene International Limited), Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 or the Secretarial Department of the Company.

13. Shareholders holding shares in Electronic (Demat) and who have not registered their email addresse so far with their

depository participants are requested to register their email address with their depository participants for receiving all the communications including annual report, notices etc., in electronic mode from the Company.

14. Shareholders holding shares in physical mode and who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to Karvy for receiving all the communications including annual report, notices etc., in electronic mode from the Company.

15. Pursuant to Section 101 and Section 136 of the Act, read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation Disclosures Requirement) Regulation, 2015 ("SEBI Listing Regulations"), companies can serve Annual Report and other communications through electronic mode to those shareholders who have registered their e-mail address either with the Company or with the Depository. Shareholders of the Company, who have registered their email-address, are entitled to receive such communication in physical form upon request only.

16. Copies of Notice, Annual report are being sent by electronic mode to those shareholders whose email ids are available with our Registrar and Share Transfer Agent, unless shareholders have requested for physical copy specifically. For shareholders whose e-mail ids are not available, physical copy has been sent by permitted mode.

17. Shareholders may note that the Notice of 25th AGM Notice, Annual Report, attendance ship, proxy form and e-voting instructions are also available on the Company's website i.e. www.syngeneintl.com.

18. Pursuant to Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide the facility of remote e-voting to all the shareholders as per applicable Regulations relating to e-voting. The complete instructions on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the meeting venue on July 25, 2018.

19. Company has fixed the cut-off date i.e. July 18, 2018 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 July 20, 2018 to July 24, 2018 (both days inclusive).

20. The shareholders whose name appears in the Register of members as on the record date of July 18, 2018 will be eligible for final dividend for the financial year ended March 31, 2018.

21. The dividend as recommended by the Board, if declared at this meeting, will be paid within a period of 30 days from the date of declaration, to those shareholders whose name appears in the Register of members as on the record date. The dividend pay-out date is Wednesday, August 1, 2018.

22. 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.

23. 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 by the Company to the IEPF.

24. Company has appointed V Sreedharan, Company Secretary in Practice, as Scrutinizer for carrying out the e-voting and voting by poll at the AGM.

25. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (8:15 am to 5:15 pm) on all working days except Saturdays, up to and including the date of the AGM of the Company.

26. Information required under Regulation 36 of SEBI Listing Regulations, Directors seeking Appointment/Re-appointment at the AGM is furnished as annexure to this Notice. The Directors have furnished consent/declarations for their appointment/re-appointment as required under the Act and rules made thereunder.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5: Appointment of Vinita Bali (DIN: 00032940) as an Independent Director of the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board has appointed Vinita Bali as an Additional Director (Independent) of the Company, not liable to retire by rotation, effective from July 31, 2017, for a tenure of three years commencing from the date of Board's appointment till the conclusion of 27th Annual General Meeting ("AGM") proposed to be held in 2020, subject to the approval of shareholders of the Company.

The Company has, pursuant to the section 160 of the Companies Act, 2013 ("the Act") received a notice in writing from a member proposing the appointment of Vinita Bali as an Independent Director, under the provision of section 149 of the Act.

The Company has received from Vinita Bali (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii)

Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164 (2) of Act, (iii) A declaration to the effect that she meets the criteria of independence as provided in Section 149 (6) of Act.

In the opinion of the Board, she fulfils the conditions for appointment as an Independent Director, as specified in the Act and the SEBI Listing Regulations and is Independent of the Management of the Company.

The resolution seeks the approval of the shareholders in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for appointment of Vinita Bali as an Independent Director of the Company for a term of three years commencing from July 31, 2017 till the conclusion of 27th AGM proposed to be held in 2020. Vinita Bali is not liable to retire by rotation.

The profile and specific areas of expertise of Vinita Bali is provided in annexure to this notice.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of an Independent Director is available for inspection, without any fee, by the shareholders at the Company's registered office during normal hours on working days up to the date of the ensuing AGM and will also be kept open at the venue of the AGM.

Except Vinita Bali and her relatives, None of the Directors, Key Managerial Personnel of the Company or their respective relatives are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 5 for approval of the shareholders.

Item No. 6: Re-appointment of Suresh Talwar (DIN: 00001456) as an Independent Director of the Company.

The shareholders at its 22nd Annual General Meeting ("AGM") held on June 30, 2016 had approved the appointment of Suresh Talwar as an Independent Director, for a tenure of three years commencing from the date of Board's approval till the conclusion of 25th AGM proposed to be held in the year 2018. Now, tenure of Suresh Talwar is coming to an end at this AGM.

As per section 149(10) and (11) of the Act, an independent director shall hold office for a term up to five consecutive years on the Board of the Company, but shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

Based on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on April 25, 2018, has re-appointed Suresh Talwar as an Independent Director on the Board of the Company, not liable to retire by rotation, for another period of five years commencing from the conclusion of this AGM till the conclusion of 30th AGM proposed to be held in 2023, subject to the approval of shareholders of the Company.

The Company has, pursuant to section 160 of the Act, received a notice in writing from a member proposing the re-appointment of Suresh Talwar as an Independent Director under the provision of section 149 of the Act.

The Company has received from Suresh Talwar (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of Act, (iii) A declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of Act.

In the opinion of the Board, he fulfils the conditions for appointment as an Independent Director, as specified in the Act and the SEBI Listing Regulations and is Independent of the Management.

The resolution seeks the approval of the shareholders in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for re-appointment of Suresh Talwar as an Independent Director of the Company for another term of five years commencing from the conclusion of this AGM till the conclusion of 30th AGM proposed to be held in 2023. Suresh Talwar is not liable to retire by rotation.

The profile and specific areas of expertise of Suresh Talwar is provided in annexure to this notice.

A copy of the draft letter of appointment setting out the terms and conditions of appointment of an Independent Director is available for inspection, without any fee, by the shareholders at the Company's registered office during normal hours on working days up to the date of the AGM and will also be kept open at the venue of the AGM.

Except Suresh Talwar and his relatives, None of the Directors, Key Managerial Personnel or their respective relatives are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 6 for approval of the shareholders.

ANNEXURE – INFORMATION TO SHAREHOLDERS

(Pursuance of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of the directors seeking appointment or re-appointment at the forthcoming Annual General Meeting

Brief resume of Directors:

Vinita Bali, is a global business leader with extensive experience in leading large Companies both in India and overseas. She served as Chief Executive Officer/MD of Britannia Industries from 2005 to 2014. Prior to that she worked with eminent multinationals like The Coca-Cola Company and Cadbury Schweppes PLC in a variety of Marketing, General Management and Chief Executive roles across the globe. Vinita Bali serves as an advisory Board

member of PwC India and is a non-executive director on the board of Smith & Nephew plc., Bungee Limited and CRISIL. She also chairs the Board of the Global Alliance for Improved Nutrition (GAIN).

Suresh Talwar, is a Law graduate from the Government Law College, Mumbai. He is a solicitor of the Incorporated Law Society, Mumbai and is serving as a legal counsel to numerous Indian companies, multinational corporations and Indian and foreign banks. He has served as senior partner at M/s. Crawford Bayley & Co. for many years and founded Talwar, Thakore & Associates. At present, he is on the Boards of leading companies such as Merck Limited, Samson Maritime, Johnson & Johnson, among others.

Name of the Director	Vinita Bali	Suresh Talwar
Category	Independent Director	Independent Director
DIN	00032940	00001456
Date of Birth	November 11, 1955	November 21, 1937
Date of Appointment	July 31, 2017	October 9, 2015
Tenure of Appointment/Re-appointment	Three years	Five years
Nature of expertise in Specific Functional Areas	Management Professional	Legal & Compliance Expert
Disclosure of relationship with Directors inter-se	None	None
Directorship held in other Listed Companies*	Crisil Limited	Merck Limited Sonata Software Limited Elantas Beck India Limited Samson Maritime Limited
Membership of Committee in other Companies, if any	Refer Corporate Governance Report	Refer Corporate Governance Report
Shareholding as on March 31, 2018	Nil	25,000

*Details as on April 25, 2018.

Item No. 7 & 8: Approval of Syngene Restricted Stock Units Plan 2018 and grant of Restricted Stock Units to eligible employees of the Company and its subsidiaries

In the present competitive scenario, the Board of Directors of the Company (hereinafter referred to as the "Board") has identified the need to enhance the employee engagement, to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company and to create a sense of ownership and participation amongst them.

In view of this, the Board had earlier formulated a Syngene Employee Stock Option Plan 2011 which was approved by the members of the Company on December 14, 2011 which was further ratified by the members subsequent to the IPO on December 05, 2015. Continuing with the same objective the Company has formulated a new plan by the name "Syngene International Limited Restricted Stock Units Plan 2018" (hereinafter referred to as "the Plan") for the present and/or future permanent employees of the Company and its present and future Subsidiary Company (ies) (hereinafter referred to as 'employees' or 'said employees') in accordance with the applicable laws.

In terms of the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Section 62 and other applicable provisions of the Act, issue of shares to employees under a scheme of employees' stock option/ RSU, requires an approval of the existing Members by way of a Special Resolution and accordingly, the Special Resolution at Item No. 7 seeks your approval for the issue of further Equity Shares, under the "Syngene International Limited Restricted Stock Units Plan 2018", to the employees of the Company, as may be determined by the Board of the Company.

Further, as per Regulation 6(3)(c) of SEBI SBEB Regulations approval of the shareholders by way of separate Special Resolution is also required for grant of Restricted Stock Units (RSU's) to the employees of subsidiary company(ies), hence the Special Resolution at Item No. 8 seeks your approval for the said purpose.

The Plan shall be implemented by trust route wherein the Company will issue the shares to the Trust by way of fresh allotment over a period of time. The Plan will be administered by the Nomination and Remuneration Committee (hereinafter referred to as "Committee") of the company. The Committee shall delegate its power to the Trust to the extent it deems fit for proper administration of the Plan.

The main features and other details of the Plan as per Regulation 6(2) of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations") are as under:

1. Brief description of the Plan

The Plan shall be called as the Syngene International Limited Restricted Stock Units Plan 2018 ("the Plan") and shall extend its benefits to the present and/or future permanent employees of the Company and its present and future Subsidiary Company (ies), in accordance with the applicable laws.

The Plan shall be implemented by trust route wherein the Company will issue the shares to the Trust by way of fresh allotment over a period of time.

The Plan will be administered by Committee of the company. The Committee shall delegate its power to the Trust to the extent it deems fit for proper administration of the Plan.

The scheme also provides an option to the employees to exercise their shares through cashless route.

2. Total number of RSUs to be granted under the Plan.

The maximum number of RSU's to be granted under the Plan shall not exceed 1,00,00,000 (One Crore) RSU's convertible into equal number of Equity Shares of the Company of face value Rs 10/- each.

3. Identification of classes of employees entitled to participate and be beneficiaries in Plan.

- a permanent employee of the company who has been working in India or outside India; or
- a director of the company, whether a whole-time director or not but excluding an independent director; or
- an employee as defined in clause (i) or (ii) of a subsidiary company, in India or outside India.

But does not include:

- an employee who is a promoter or a person belonging to the promoter group; or
- a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.

4. Requirement of Vesting and period of Vesting.

The RSU's granted under Plan shall vest based upon the performance of the Employee, subject to completion of minimum 1 (One) year from the date of Grant and as may be decided by the Committee subject to maximum period of 5 (Five) years.

The specific Vesting schedule and Vesting conditions subject to which Vesting would take place would be outlined in the grant letter given to the employee at the time of Grant of RSU's.

5. Maximum period within which the RSUs shall be vested.

The RSU's granted under the Plan shall vest as may be decided by the Committee subject to maximum period of 5 (Five) years. Vesting of RSU's would be subject to continued employment with the Company, or as the case may be, on the date of vesting.

6. Exercise Price or Pricing Formula.

Under this Plan, the Exercise price of the Shares will be the face value of the shares as on date of exercise.

7. Exercise period and process of Exercise.

The RSU's granted may be exercised by the employee within a maximum period of 5 (five) years from the date of vesting of the respective RSU's or time period as set forth in the grant letter. The grantees can exercise the vested RSU's in full or in part at different interval of time during the exercise period.

The mode and manner of the Exercise of the RSU's shall be communicated to the employees individually. On exercise of the RSU's, the employee shall forthwith pay to the Company the exercise price and applicable taxes. The RSU's shall lapse if not exercised within the specified exercise period.

8. Appraisal process for determining the eligibility of the Employees to Plan.

The appraisal process for determining the eligibility of the employees will be in accordance with the Plan or as may be determined by the Committee at its sole discretion.

The employees would be granted RSU's under the Plan based on various parameters which may include among others:

- **Performance:** Employee's performance against set objectives.
- **Designation:** Employee's designation reflecting roles and responsibilities.
- **Contribution:** The present and potential contribution of the Employee to the success of the Company.
- **Value Addition:** High market value/difficulty in replacing the Employee and value addition by the new entrant, if any.
- **Loyalty:** Tenure of employment of an Employee in the Company.

9. The Maximum number of RSUs to be granted per employee and in aggregate.

The maximum number of RSU's to be granted under this Plan shall not exceed 1,00,00,000 (One Crore).

The maximum number of RSU's that can be granted to any single eligible employee during any one-year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant of RSU's unless otherwise approved by the shareholders.

10. The Maximum quantum of benefits to be provided per Employee under the Plan.

The maximum quantum of benefit that will be provided to every eligible Employee under the Plan will be the difference between the market value of Company's Share on the Stock Exchanges as on the date of exercise of RSU's and the Exercise Price paid by the employee.

11. Implementation and administration of the Plan.

The Plan shall be implemented by trust route wherein the Company will issue the shares to the Trust by way of fresh allotment over a period of time.

The Plan will be administered by the Committee of the Company. The Committee shall delegate its power to the Trust to the extent it deems fit for proper administration of the Plan.

12. Whether the Plan involves new issue of shares by the company or secondary acquisition by the Trust or both.

The Plan shall be implemented by trust route wherein the Company will issue the shares to the Trust by way of fresh allotment over a period of time.

13. The amount of loan to be provided for implementation of the Plan by the company to the trust, its tenure, utilization, repayment terms, etc.

The amount of loan to be provided for implementation of the plan by the Company to the Trust shall not exceed 5% (Five percent) of the aggregate paid-up capital and free reserves as provided in the Act. The tenure of such loan shall be the point where the objects of the Trust are accomplished or the repayment of loan is made, whichever is earlier. The utilization of such loan shall be for the objects of the Trust as mentioned in the Trust Deed including the implementation of the plan. The Trust shall repay the loan to the company by utilising the proceeds realised from exercise of RSU's by the Employees.

14. The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the Plan.

Not Applicable

15. Disclosure and accounting policies.

The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI SBEB Regulations or as may be prescribed by regulatory authorities from time to time.

16. The method which the Company shall use to value its RSUs.

Fair Value Method or any other method as per applicable statutory provisions from time to time.

17. Statement with regard to Disclosure in Director's Report.

As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.'

In terms of Section 62 of the Act and Regulation 6 of the SEBI SBEB Regulations, the approval of the Shareholders is sought by way of Special Resolution for the approval of the "Syngene International Limited Restricted Stock Units Plan 2018" and issuance of shares under this plan to the employees of the Company and its present and future Subsidiary Company (ies).

Therefore, your Directors recommend the Resolutions as set out at Item No. 7 and 8 for your approval.

A copy of the draft RSU Plan will be available for inspection on all working days (Monday to Friday) between 8:15 am to 5:15 pm at the registered office of the Company.

None of the Directors, Manager, Key Managerial Personnel of the Company, and their respective relatives, are in anyway concerned or interested in the resolution except to the extent of equity shares held by them in the Company or the RSU's to be granted under the Plan.

Item No. 9: Approval for the provision of money by the company for purchase of its own shares by Syngene Employees Welfare Trust for the benefit of employees under Syngene International Limited Restricted Stock Units Plan 2018.

The Company has already setup Syngene Employee Welfare Trust for the purpose of administration of Syngene Employee Stock Option Plan 2011. The Company has now formulated Syngene International Limited Restricted Stock Units Plan 2018 ("the Plan") which will be administered and implemented through the same Trust. In order implement the Plan through trust route, the company need to make provisioning of funds to the trust so as to enable it to subscribe to the shares of the company.

The amount of loan to be provided for implementation of the plan by the Company to the Trust shall not exceed 5% (Five percent) of the aggregate paid-up capital and free reserves as provided in the Act.

Section 67 of the Act read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 requires any scheme of provision of money for purchase of or subscription for the shares to and for the benefit of the employees of the company shall be approved by the members by passing special resolution in a general meeting. Accordingly Item No. 9 which is proposed for approval of the Shareholders are set out in this Notice.

The disclosures as per Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 for the present Syngene International Limited Restricted Stock Units Plan 2018, are as under:

1.	The class of employees for whose benefit the Plan is being implemented and money is being provided for purchase of or subscription to shares	• a permanent employee of the company who has been working in India or outside India; or • a director of the company, whether a whole-time director or not but excluding an independent director; or • an employee as defined in clause (i) or (ii) of a subsidiary company, in India or outside India. **But does not include** • an employee who is a promoter or a person belonging to the promoter group; or • a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.
2.	The particulars of the trustee or employees in whose favor such shares are to be registered	**Name of the Trustees:-** 1. Murali Krishnan K.N. 2. Dinesh Iyer
3.	Particulars of trust	**Name of the Trust:** Syngene Employees Welfare Trust **Address of the Trust:** Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area IV Phase, Jigani Link Road, Bengaluru 560099 Karnataka
4.	Name, Address, Occupation and nationality of trustees	**1. Murali Krishnan K.N** Address : #76, 27th Main Road, 2nd Cross, BTM Layout, 1st Stage, Bengaluru 560068, Karnataka, India. Occupation : Service Nationality : Indian **2. Dinesh Iyer** Address: Flat No. 003, E Block, Adarsh Palm, Retreat Gulmohar, Devarabisenahalli, Varthur, Bengaluru 560103, Karnataka, India. Occupation : Service Nationality : Indian
5.	Relationship of trustees with promoters, directors or key managerial personnel, if any	None
6.	Any interest of key managerial personnel, directors or promoters in such Plan or trust and effect thereof	The Key Managerial personnel and Directors are interested in the Syngene International Limited Restricted Stock Units Plan – 2018 only to the extent, to the RSUs granted to them if any, under the plan.
7.	The detailed particulars of benefits which will accrue to the employees from the implementation of the Plan	a) To recognize and reward the efforts of employees and their continued association with the Company. b) To introduce an objective component of employee compensation which would provide a direct linkage to the efforts of the employees with a measurable and widely accepted criterion i.e. the share price of the Company. The Board envisages this to act as a motivational tool for the employees of the Company. c) To keep long association with the Company. d) Employee participation in shareholding of the Company e) To provide an opportunity to the employees to develop a sense of ownership of the Company through their shareholding. f) To provide the employees an incentive to continue and strengthen their association with the Company so as to result in long term benefits to the Company as well as the employee – shareowner. g) Bring long-term value to the shareholders. Motivate senior employees to better the Company's performance continuously.
8.	The details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the Plan would be exercised	The Trust would be considered as the registered shareholder of the company till the date of transfer of shares to the Employees. However, the Trustees will not have any right to vote on the Equity Shares held by the Trust. Once the shares are transferred to the Employees upon their Exercise, then the Employees will be treated as the shareholder of the company and shall exercise the right to vote in respect of such shares.

In terms of the Act, read with Rule 16 of Chapter IV of the Act, the approval of the Shareholders is sought by way of Special Resolution for the approval for the provisioning of money to the Trust to fulfil the requirements of Syngene International Limited Restricted Stock Units Plan 2018, therefore, your Directors recommend the Resolution as set out at Item No. 9 for your approval by way of Special Resolution.

None of the Directors, Manager, Key Managerial Personnel of the Company, and their respective relatives, are in anyway concerned or interested in the resolution except to the extent of equity shares held by them in the Company or the RSU's to be granted under the Plan.

By Order of the Board of Directors

For Syngene International Limited

Mayank Verma
Company Secretary

Place: Bengaluru
Date: April 25, 2018

Registered Office:
Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area,
IV Phase, Jigani Link Road,
Bengaluru – 560 099,
Karnataka
CIN: L85110KA1993PLC014937
Website: www.syngeneintl.com

INSTRUCTIONS FOR E-VOTING & INSTAPOLL

I. **Remote e-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013, read with rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Rules, 2015 and as per Regulation 44 of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company is providing e-voting facility through Karvy Computershare Private Limited ("Karvy") on all resolutions set forth in this Notice, from a place other than the venue of the Meeting.

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

I. Visit the e-Voting website of Karvy. Open web browser by typing the following URL: https://www.evoting.karvy.com/ either on a Personal Computer or on a mobile.

II. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

III. After entering these details appropriately, click on "LOGIN".

IV. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

V. You need to login again with the new credentials.

VI. On successful login, the system will prompt you to select the "EVENT" i.e., Syngene International Limited i.e. name of the Company.

VII. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

VIII. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

IX. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

X. You may then cast your vote by selecting an appropriate option and click on "Submit".

XI. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

XII. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy(PDF Format)of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email sree@sreedharancs.com with a copy marked to evoting@karvy.com and Mayank.verma@syngeneintl.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name Event No." The documents should reach the Scrutinizer on or before 5:00 pm on July 24, 2018.

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants(s)]:

i. E-Voting Event Number –(EVEN), User ID and Password is provided in the Attendance Slip.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

II. **Voting at AGM:** The shareholders, who have not cast their vote through remote e-voting can exercise their voting rights at the Annual General Meeting ("AGM"). We have made the necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the AGM. Members who have already cast their votes by remote e-voting are eligible to attend the AGM; however those Members are not entitled to cast their vote again in the AGM. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

III. The Company has appointed Mr. V Sreedharan, Partner of M/s. V. Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; C.P. No. 833) as Scrutinizer to scrutinize the e-voting process in fair and transparent manner.

IV. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes in the presence of at least two witnesses not in employment of the Company. The Scrutinizer's shall submit a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, within a period of not exceeding three working days from the conclusion of the voting to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

V. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.

VI. The results of the e-voting along with the scrutinizer's report shall be communicated immediately to the BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed and shall be placed on the Company's website www.syngeneintl.com and on the website of Karvy www.karvy.com immediately after the result is declared by the chairman or any other person authorised by the chairman.

OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. Suresh Babu, (Unit: Syngene International Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1518 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on Friday, July 20, 2018 (9:00 A.M. IST) and ends on Tuesday, July 24, 2018 (5:00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 18, 2018, may cast their votes electronically. A person who is not a shareholder as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

d. The voting rights of shareholder shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. July 18, 2018.

e. In case a person has become a shareholder of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., July 18, 2018, he/she may obtain the User ID and Password in the manner as mentioned below:

   i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

   ii. Example for NSDL:

   MYEPWD <SPACE> IN12345612345678

   Example for CDSL:

   MYEPWD <SPACE> 1402345612345678

   Example for Physical:

   MYEPWD <SPACE> XXXX1234567890

   iii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

   iv. Member may call Karvy's toll free number 1800-3454-001.

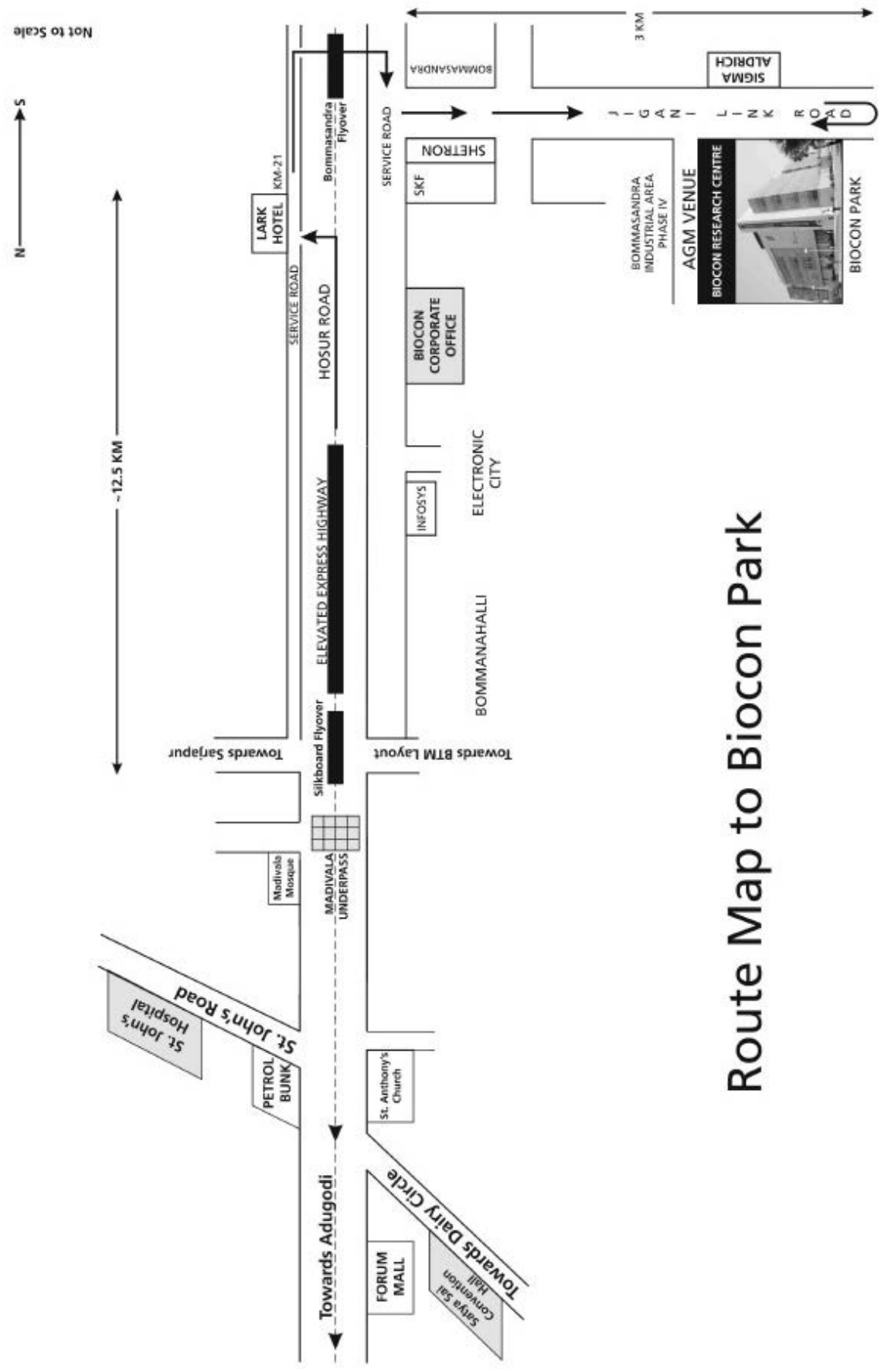
   v. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

ATTENDANCE REGISTRATION PROCEDURE FOR THE AGM IS A FOLLOWS

- Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
- Alternatively, to facilitate smooth registration/entry, the Company has provided a web-check in facility through Karvy's website. This will enables the shareholders to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.
- The Web Check-in (i.e. Online Registration facility) is available during e-voting period only i.e., Friday, July 20, 2018 (9:00 A.M. IST) and ends on Tuesday, July 24, 2018 (5:00 P.M. IST).

WEB CHECK-IN PROCEDURE IS AS FOLLOWS:

- Log on to https://karisma.karvy.com and click on "Web Check-in for General Meetings
- Select the name of the Company: Syngene International Limited
- Pass through the security credentials viz., DP ID/Client ID/ Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
- The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
- The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.



Route Map to Biocon Park

Syngene International Limited
CIN: L85110KA1993PLC014937
Regd. Office: Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area,
Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka, Email- investor@syngeneintl.com
Website: www.syngeneintl.com; Phone: 080 – 6775 5000

Form No. MGT-11

Proxy Form

25th Annual General Meeting

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of Companies (Management and Administration) Rules, 2014]

Venue of the meeting : Tyler Jacks Auditorium, Biocon Research Centre,
Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area,
Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka

Date & Time : July 25, 2018 at 2:30 PM

Name	
Address	
DP Id	
Client Id	
Folio No.	
No. of Shares held	

I/We _____ of _____
being a shareholder/shareholders of Syngene International Limited hereby appoint the following as my/our Proxy to attend vote (for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on July 25, 2018 at 2:30 pm and at any adjournment thereof) in respect of such resolutions as are indicated below;

Name: _____ Address: _____

_____

E-mail Id: _____ Signature: _____or failing him.

Name: _____ Address: _____

_____

E-mail Id: _____ Signature: _____or failing him.

Name: _____ Address: _____

_____

E-mail Id: _____ Signature: _____or failing him.

Sl. No	Resolutions	Vote Optional See note 5	
		For	Against
Ordinary Business			
1	Adoption of consolidated & standalone financial statements		
2	Declaration of Dividend		
3	Appointment of John Shaw as director liable to retire by rotation		
4	Ratification for appointment of Statutory Auditors and fixing their remuneration		
Special Business			
5	To appoint Vinita Bali (DIN: 00032940) as an Independent Director of the Company.		
6	To re-appoint Suresh Talwar (DIN: 00001456) as an Independent Director of the Company.		
7	To approve Syngene International Limited Restricted Stock Unit Plans 2018 and grant of Restricted Stock Units to eligible employees of the Company.		
8	To approve grant of Restricted Stock Units to the employees of present and future subsidiary company (ies) under Syngene International Limited Restricted Stock Units Plan 2018.		
9	To approve the provision of money by the Company for purchase of its own shares by Syngene Employees Welfare Trust for the benefit of employees under Syngene International Limited Restricted Stock Units Plan 2018.		

Signature (s) of Shareholder(s)

1. _____
2. _____
3. _____

Affix
1 rupee
Revenue
Stamp

Signed this _____ day of _____ 2018

_____

Signature of Proxy holder(s)

Note:

1. The Proxy to be effective should be deposited at the Registered office of the company not less than FORTY EIGHT HOURS before the commencement of the Meeting. (i.e. on or before July 23, 2018 at 2.30 PM.)
2. A Proxy need not be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Shareholders.
4. The form of Proxy confers authority to demand or join in demanding a poll.
5. This is optional. Please put a tick mark (√) in the appropriate column against the resolutions indicated in the box. If a shareholder leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a shareholder wishes to abstain from voting on a particular resolution, he/she should write "Abstain" across the boxes against the Resolution.
6. The submission by a shareholder of this form of proxy will not preclude such shareholder from attending in person and voting at the meeting.
7. In case a shareholder wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

Syngene International Limited

CIN: L85110KA1993PLC014937

Regd. Office: Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka, Email- investor@syngeneintl.com

Website: www.syngeneintl.com; Phone: 080 – 6775 5000

Attendance Slip

25th Annual General Meeting

Venue of the meeting : Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka

Date & Time : July 25, 2018 at 2:30 PM

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

Name	
Address	
DP Id	
Client Id	
Folio No.	
No. of Shares held	

I certify that I am the registered shareholders/proxy for the registered shareholder of the Company.

I hereby record my presence at the 25th Annual General Meeting of the Company held on July 25, 2018 at 2:30 PM at Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, Phase IV, Jigani Link Road, Bengaluru 560 099, Karnataka.

_____ _____

Name of the shareholder/proxy Signature of shareholder/proxy

(In BLOCK letters)

Note:

1. Electronic copy of the Annual Report for 2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the shareholders whose email address is registered with the Company/Depositary Participant unless any shareholder has requested for a hard copy of the same. Shareholders receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
2. Physical copy of the Annual Report for 2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all shareholders whose email ids are not registered with the Company or have requested for a hard copy.

Local Transport facility to members for attending 25th AGM

Dear Members,

The Company is pleased to provide transport facility (i.e. pickup and drop) from the following locations to enable members to attend the AGM scheduled on Wednesday, July 25, 2018 at 2:30 pm at Tyler Jacks Auditorium, Biocon Research Centre, Biocon SEZ, Biocon Park, Plot No. 2 & 3, Bommasandra Industrial Area, IV Phase, Jigani Link Road, Bengaluru – 560 099.

Route No. 1	**Time**	**Route No. 2**	**Time**
Starting Point: Opposite ISKCON Temple	11:15 am	**Starting Point:** Deepanjali Nagar, Metro Station	11:30 am
• Yeshwanthpur Bus Stop	11:30 am	• Sri Kamakya Theatre	11:45 am
• Malleswaram 18th Cross Bus Stand	11:40 am	• Deve Gowda Petrol Bunk, Outer Ring Road	11:50 am
• Majestic (SRS Office)	11:50 am	• Sindhoor Convention Centre, J P Nagar.	12:00 pm
• Shanti Nagar (SRS Office)	12:20 pm	• Shoppers Stop, Bannerghatta Road	12:10 pm
• St. John's Medical College, Bus Stop	12:30 pm	• AXA Building, BTM Layout.	12:30 pm

Route No. 3	**Time**	**Route No. 4**	**Time**
Starting Point: HAL Circle, Towards Jeevan Bhima Nagar	11:15 am	**Starting Point:** SRS Bus Depot, Jayanagar	12:00 pm
• CMH Hospital, Indira Nagar	11:30 am	• Vijaya College, Jayanagar	12:10 pm
• Indira Nagar, 100 ft. Road, Opp. Barbeque Nation	11:55 am	• Jayanagar 9th Block, Bus Stand	12:20 pm
• BBMP Bus Stop, Domlur Inner Ring Road, Near Fiat Showroom	12:00 pm	• Jayadeva Hospital, before Flyover	12:30 pm
		• AXA Building, BTM Layout.	12:40 pm
• Sony Signal Junction, Bus Stop	12:10 pm	• Central Silk Board, Renault Showroom	12:45 pm
• Koramangala, BDA Complex Bus Stop	12:15 pm		
• HSR BDA Complex, Ring Road Junction	12:25 pm		
• Central Silk Board, Renault Showroom	12:30 pm		
Drop Location	**Opposite to pick up location**		

The buses with **SYNGENE** banners will be available at the above mentioned pickup locations for transfer to the AGM Venue.

We request members to make your own arrangements for parking your personal vehicles as the pickup locations may not have parking facility. Please be present 5 minutes before the schedule departure time at the pickup and en-route locations.

For any assistance you may contact Mr. Amalraj 098808 88366 and Mr. Lokesh 88842 25554

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.

/ concept, content and design at AICL (hello@aicl.in)