


Aspire.  
Achieve.  
Advance.





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The background of the slide features a Siemens industrial control cabinet on the left and a computer monitor on the right. The monitor displays a control interface with various data points and graphs. The text is centered in a white box with a thin black border.

At Syngene, sustainable growth is about getting our fundamentals right.

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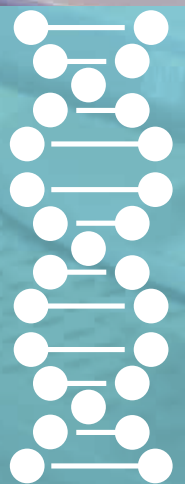
About being able to **aspire** high and setting new goals.

About being able to **achieve** goals consistently and setting new benchmarks.

About being able to **advance** at a sustainable pace and crossing new milestones.

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Creating the basis for outperformance and robust sustainability.



# Aspire.

Syngene, a subsidiary of Biocon – one of Asia’s largest biopharmaceutical companies, was set up in Bengaluru in the early nineties when the Contract Research Organisation (CRO) industry was at a nascent stage in India. Since inception, we aspired to emerge as a leading player in the global CRO space, providing a wide array of services to customers. We had a clear vision to become a world-class partner delivering innovative and scientific solutions to clients. We started operations with a team of less than 100, providing services in the areas of discovery chemistry and discovery biology.



1994

Initiated operations as a CRO with services in chemistry and biology

1998

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

2001

Forayed into chemical development with a dedicated manufacturing facility

2007

Initiated operations in safety assessment and large molecules development services

Signed a long-term contract with Bristol-Myers Squibb to set up the first dedicated R&D Centre

Expansion of research facilities at Biocon SEZ to 148,000 sq. ft.

2009

Initiated operations in formulation development  
New cGMP compliant plant set up.



## Achieve

Syngene commenced operations in the challenging research niche more than two decades ago.

Over the years, we have invested significantly in building our capabilities, capacities and customer base. Starting our journey in the discovery chemistry and discovery biology segments, we have evolved into an integrated end-to-end discovery and development service provider for novel molecular entities (NMEs) across a range of industrial sectors.

SYNGENE ENJOYS MULTI-YEAR, MULTI-DISCIPLINARY PARTNERSHIPS WITH SOME OF THE MOST RESPECTED GLOBAL RESEARCH-FOCUSED COMPANIES LIKE BRISTOL-MYERS SQUIBB CO., ABBOTT LABORATORIES (SINGAPORE) PTE.LTD AND BAXTER INTERNATIONAL INC., AMONG OTHERS.

### 2011

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

### 2012

Set up a dedicated research centre for Abbott Nutrition

### 2013

Set up dedicated research centre for Baxter International

### 2014

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

API manufacturing facility accepted by FDA

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

### 2015

Given Bengaluru India Bio – Bio Excellence Award for outstanding contribution to the biotech services sector

Amalgamated Clinigene International into Syngene

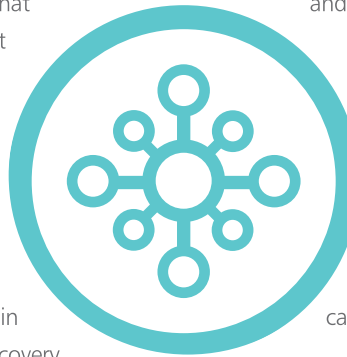
Signed the first long-term commercial manufacturing contract

## Advance.

Having established Syngene as a leading CRO, we intend to foray into the contract manufacturing space so that we can position ourself as an integrated Contract Research and Manufacturing Services (CRAMS) player with commercial scale manufacturing capabilities.

This will allow us to offer forward integration opportunities in the discovery and development continuum. We have plans to invest up to US\$200 million in the next few years, principally in capacity augmentation in laboratory services (discovery chemistry and discovery biology), developmental services

(formulation and biologics or large molecules development) and cGMP drug substance manufacturing.



We are also in the process of setting up a commercial scale manufacturing facility in Mangaluru to manufacture novel small molecules for innovator companies. We have expanded our small molecule manufacturing facility in Bengaluru and are in the process of expanding our large molecule manufacturing capabilities by setting up a new unit.



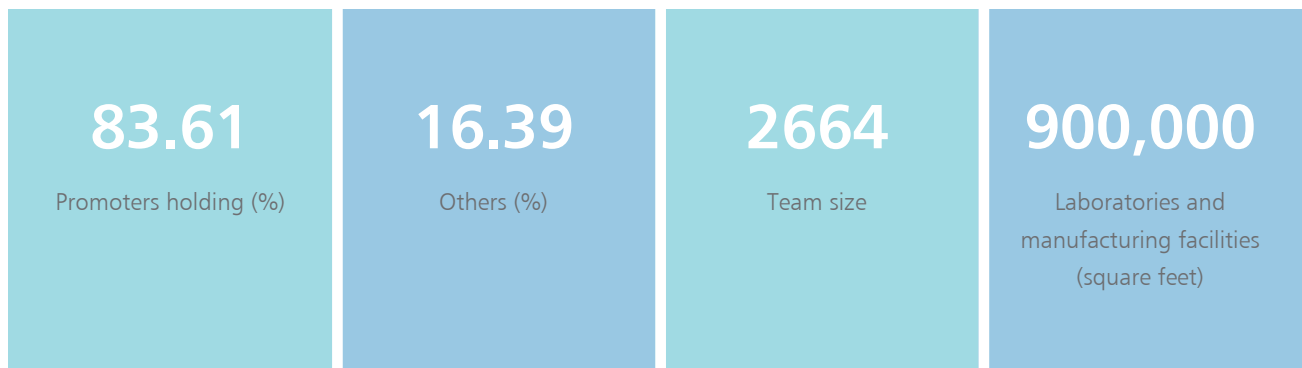
Corporate snapshot

Syngene International Limited, one of India's leading Contract Research Organisations (CROs), provides integrated end-to-end solutions to large, mid-size and start-up global companies.

Incorporated in 1993, Syngene offers a suite of integrated, end-to-end discovery and development services for novel molecular entities (NMEs) across industrial sectors, including pharmaceutical, biotechnology, agrochemicals, consumer health, animal health, cosmetic and nutrition companies.

Our integrated discovery and development platforms 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 pilot manufacturing (scale-up, pre-clinical and clinical supplies) with a distinctive economic advantage.

Our research and manufacturing facilities are accredited by various international and national regulatory authorities.



As on 31st March, 2015

## Our Vision

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

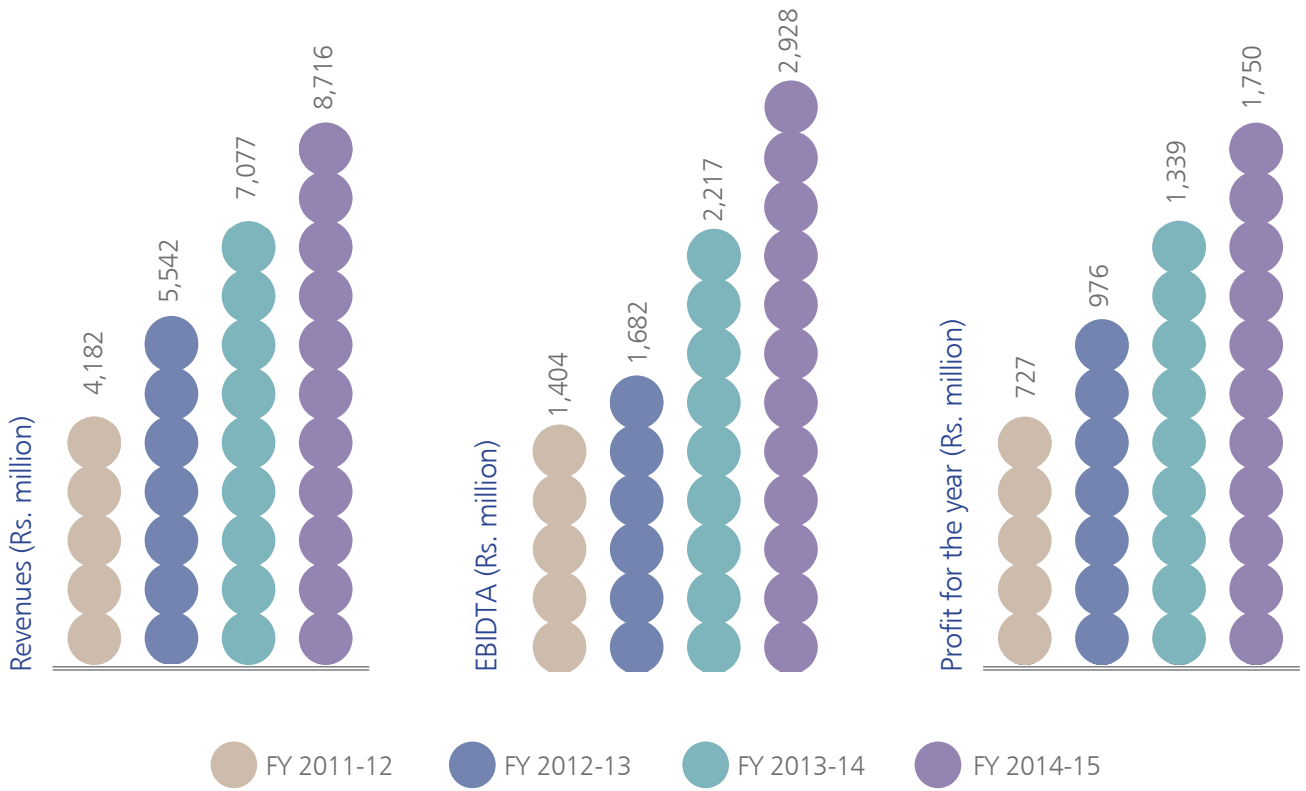
- World-class: Infrastructure and team
- Partner: Trusted; building long-term strategic relationships
- Delivering: Flawless execution at every stage of the project
- Innovative scientific solutions: Provide services that are innovative and as per client requirements

## Our Values

Integrity: To be ethical, honest and transparent in all we do

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

Professionalism: To practice the highest degree of professionalism by encompassing attributes such as accountability, reliability and customer focus







## This is what we achieved in 2014-15

### Financial highlights

Revenue growth	
23%	
2013-14 Rs.7,077 mn	2014-15 Rs.8,716 mn

EBIDTA growth	
32%	
2013-14 Rs.2,217 mn	2014-15 Rs.2,928 mn

Net profit growth	
30%	
2013-14 Rs.1,348 mn	2014-15 Rs.1,750 mn

Fixed asset addition <sup>#</sup>	
36%	
2013-14 Rs.7,652 mn	2014-15 Rs.10,431 mn

# Gross block incl. capital work-in-progress

### Business highlights

- Extended our contract with Bristol-Myers Squibb Co. till 2020
- Cleared the US FDA audit for the manufacturing facility and clinical services with no observations (Zero-483)
- Started operations at the newly-commissioned Stability Centre in Bengaluru

### Corporate highlights

- Amalgamated Clinigene International Limited (subsidiary), which provides clinical research and clinical trial services, into Syngene
- Acquired 40 acres in Mangaluru SEZ with co-developer status to support the commercial manufacturing requirements of pharmaceutical and agrochemical clients
- Signed the first long-term commercial manufacturing contract
- Expanded capacity for discovery and development services
- India Value Fund (IVF) acquired a 10% stake for a consideration of Rs. 3.8 billion

# The Contract Research Space



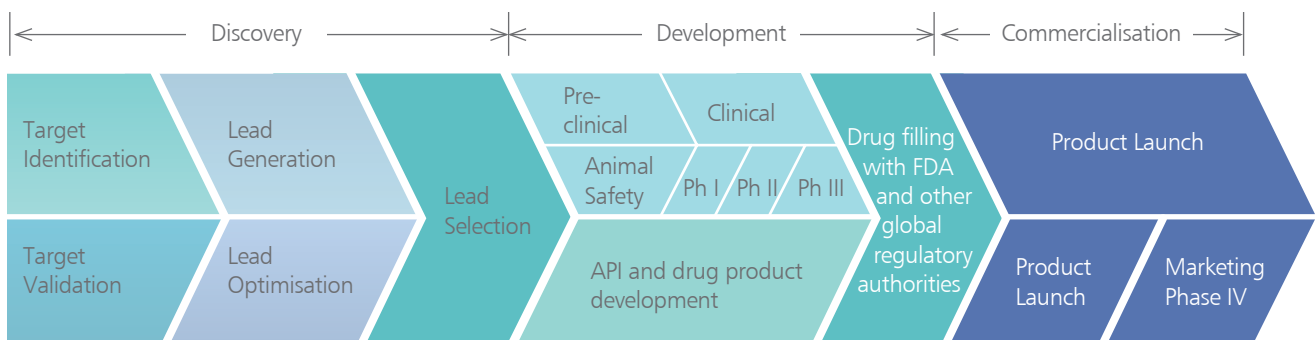
Contract Research Organisations offer outsourced services that catalyse the discovery and development programmes of their R&D-driven clients. They address clients across downstream sectors like pharmaceuticals, biotechnology, biopharmaceuticals, nutraceuticals, veterinary, agrochemicals, cosmetics and electronics.

CRO services address a range of R&D activities - from new molecular entity discovery and development to clinical supplies

and commercial scale manufacturing. Over the years, the market for CRO services has been driven by a progressive growth in R&D spending and outsourcing.

CROs are being increasingly preferred as they offer clients an opportunity to manage costs, streamline operations and enhance R&D efficiencies.

CRO service providers typically compete in the segments of discovery, development and manufacturing (shown below).



The discovery and development process comprises the following stages:

- Discovery (target identification, target validation, lead generation, lead optimisation and lead selection)
- Development (pre-clinical testing, clinical testing and regulatory filings with the FDA and other relevant regulators), and
- Manufacture (process development and early stage manufacture) leading to commercialisation (manufacturing and post-marketing follow-up studies on impact and side effects).

## Opportunities and estimates

There is a large opportunity awaiting the global CRO and CRAMS sectors.

In 2014, global R&D expenditure by the pharmaceutical industry was approximately US\$139 billion; expenditure of US\$105 billion could have been potentially outsourced (Source: Frost & Sullivan).

The outsourcing of CRO discovery services in 2013 was estimated at 52% of the global pharmaceutical and biotech

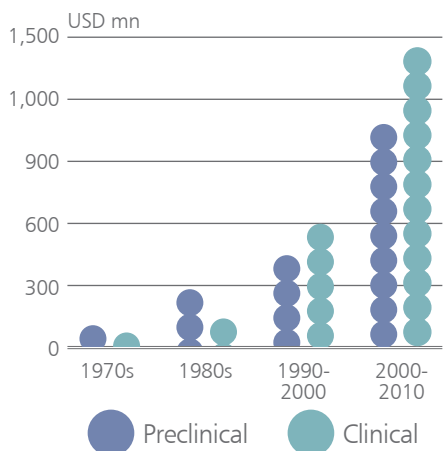
industry; this is poised to grow to 65.7% in 2015. This outsourcing is estimated to grow from US\$14.7 billion in 2014 to US\$22.7 billion in 2018 (Source: IQ4I Report).

The outsourcing of CRO development services in 2014 was estimated at 27.3% of the potential outsourcing market for development services; this is likely to grow to 38.7% in 2019. This outsourcing is estimated to grow from US\$28.8 billion in 2014 to an estimated US\$44.6 billion in 2018 (Source: Frost & Sullivan).

### Why outsource?

A COMBINATION OF RISING NEW MOLECULAR ENTITY (NME) DEVELOPMENT COSTS, R&D PRODUCTIVITY DECLINE AND CONSTRAINED R&D BUDGETS HAS ACCELERATED THE SEARCH FOR ALTERNATIVE MODELS.

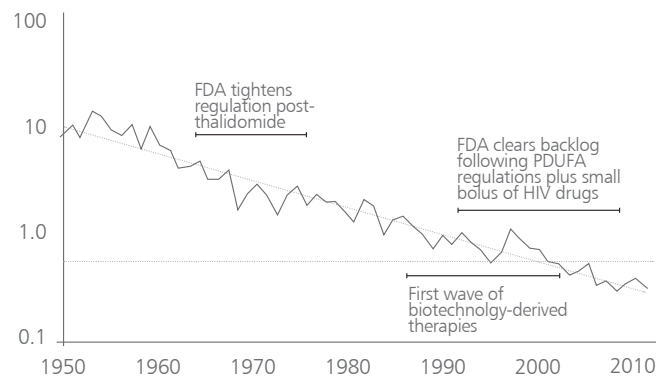
### Cost of developing 1 NME over time



Source: PhRMA 2014 profile, TUFT centre for The Study of Drug development

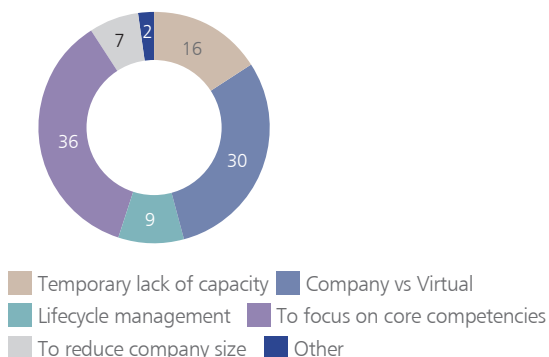
### Inflation-adjusted R&D productivity

Number of drugs per billion US\$ R&D spending



Source: Diagnosing the decline in pharmaceutical R&D efficiency, Scannel, Nature Reviews Vol 11

### Why companies outsource



### Key criteria for selecting an outsourcing partner



Source: Contract Pharma, 2014 Annual Outsourcing Survey

# Syngene's flexible business model

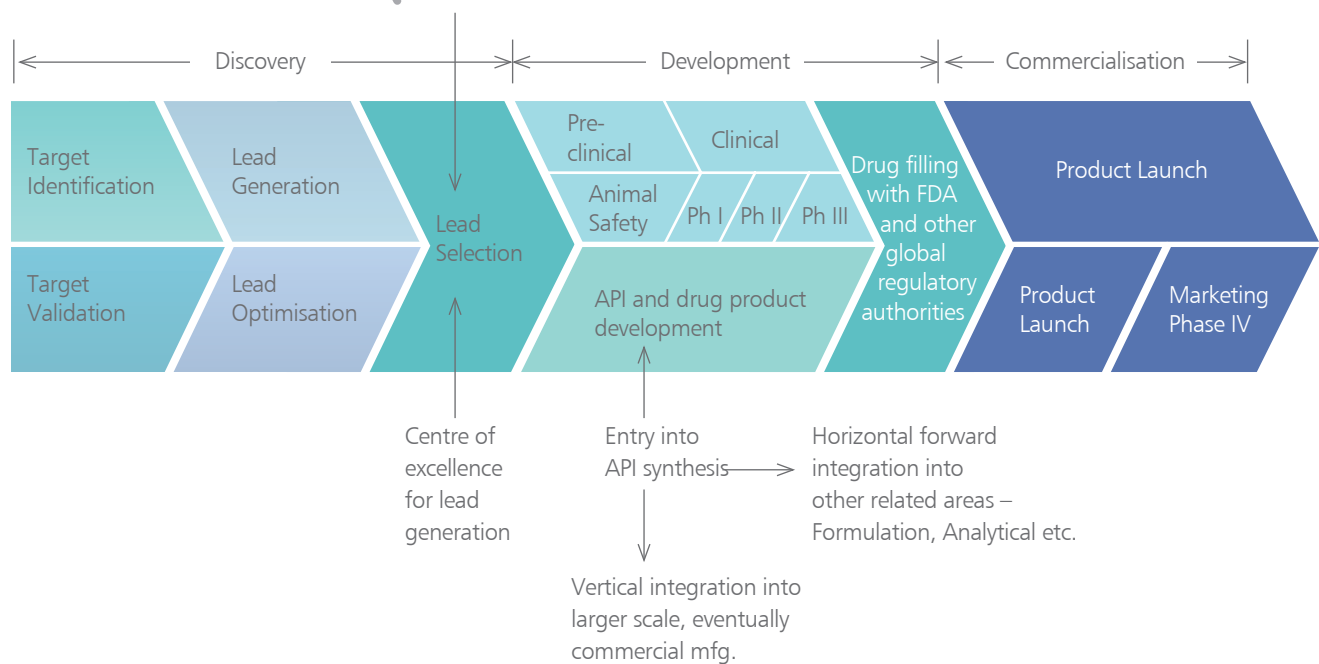
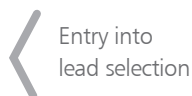


Syngene's business model is unique on account of the number of sub-models within the overall business framework, providing an opportunity to engage deeply with multiple global customers.

## Plug-and-play model

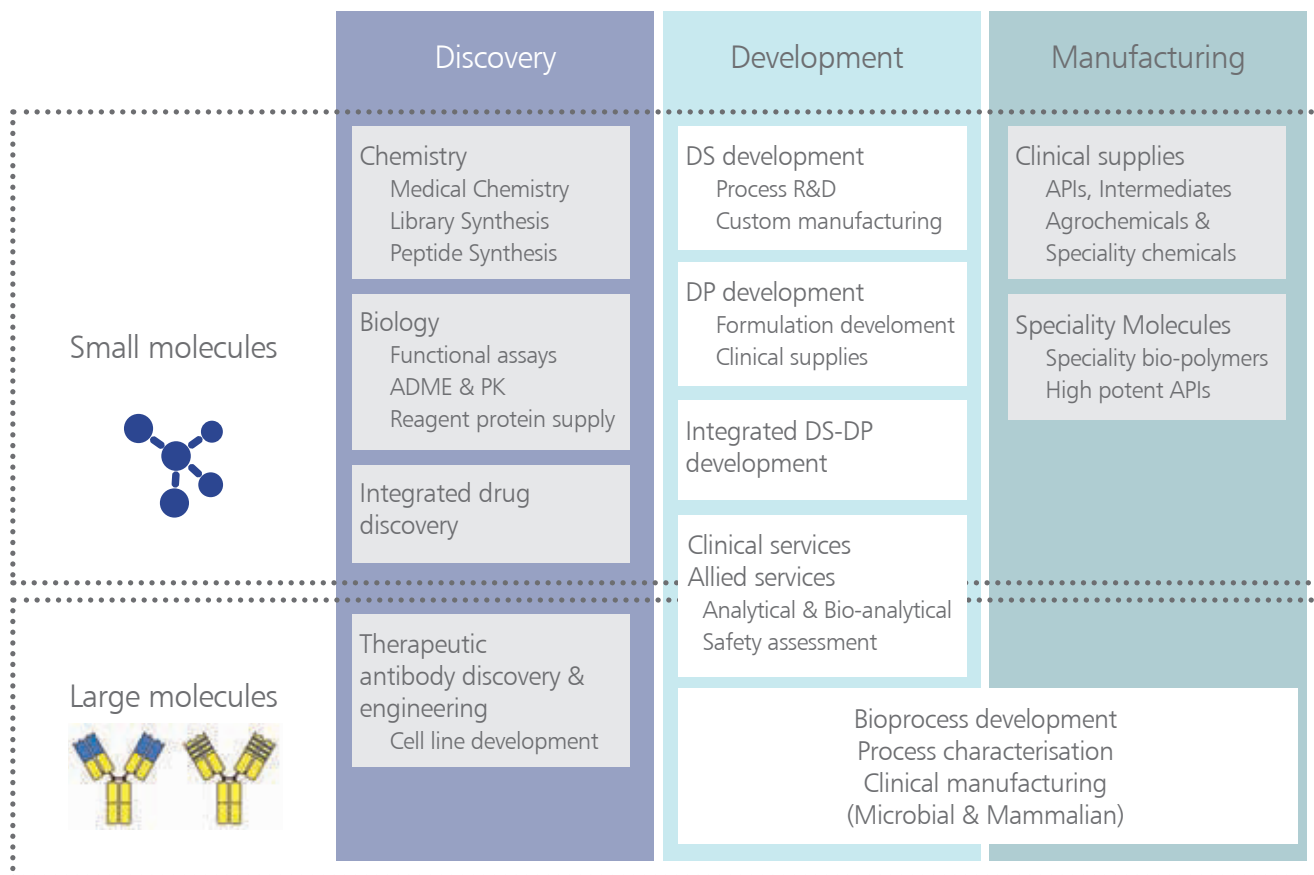
Syngene is building an integrated discovery and development continuum, which will provide clients with multiple entry points on the one hand as well as horizontal (forward or backward) and vertical integration opportunities on the other.

Horizontal backward integration into other related areas – library synthesis, DMPK, assay biology etc.



## Service model

Syngene offers clients the flexibility of multiple engagement models – working on one process in the R&D function (component play), working on multiple processes within an R&D function (cluster play), working on the R&D function (integrated play) and working across the R&D value chain (dedicated play). This flexibility provides clients an opportunity to test the service provider’s credentials and the Company with the opportunity to widen its opportunity canvas.



### Time engagement model

Syngene's three models - dedicated centres, full-time equivalent and fee-for-service models – are customised around client investment budgets.

#### Dedicated centres

- Long-term engagements (five years and more)
- Dedicated infrastructure and team customised around client requirements
- Integrated collaborations with multiple services

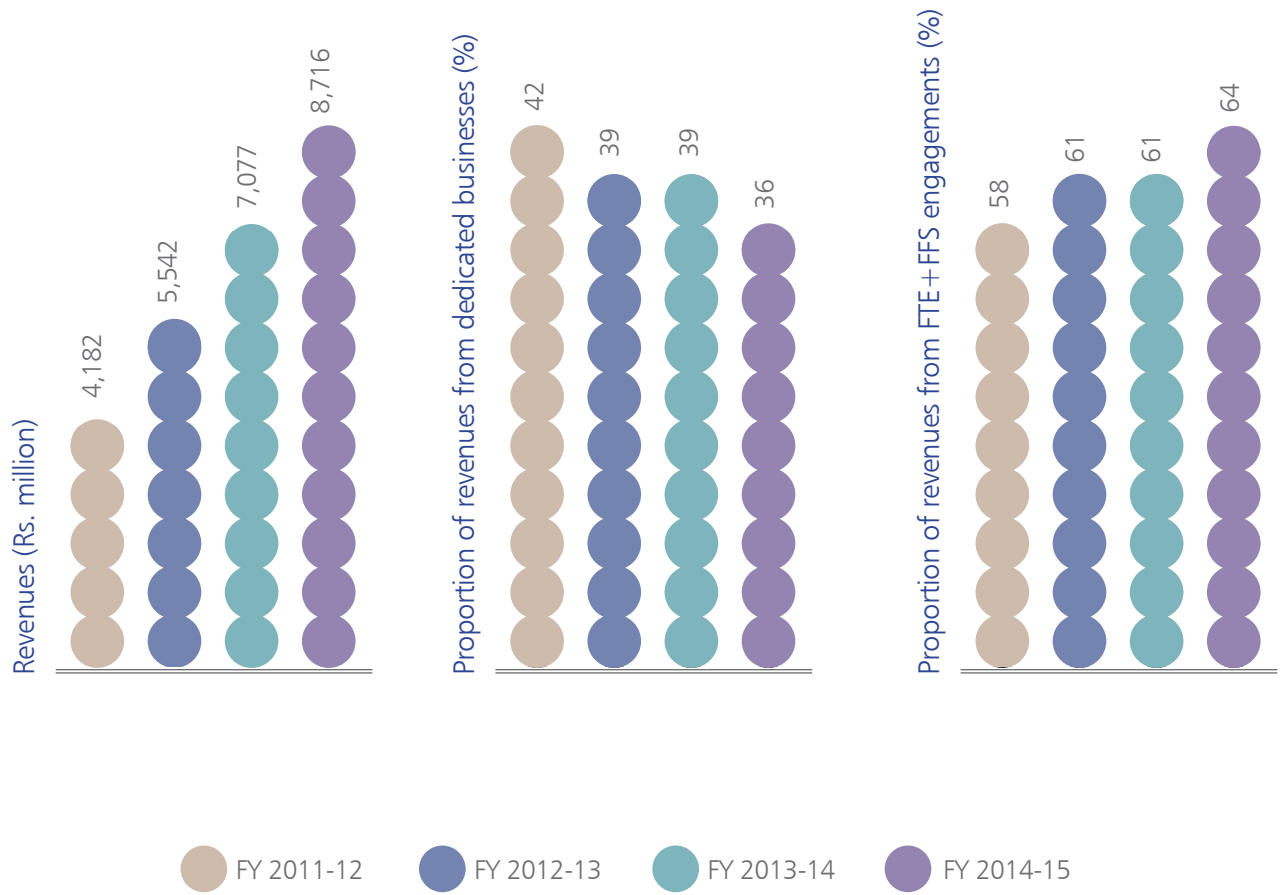
#### Full-time equivalent

- Cluster to integrated

- Deliverables evolve over time
- Focus on R&D productivity and innovation
- Greater predictability of outsourcing work flow
- Duration:  $\geq 1$  year; programme-based contracts
- Annually renewable contracts

#### Fee-for-service

- Component to cluster play
- Services with clearly defined deliverables
- Focus on cost arbitrage and R&D productivity
- Duration:  $\leq 1$  year; project-based based contracts; medium renewability
- Manufacturing campaigns: longer, and highly renewable



# Corporate Information

## Board of Directors

Kiran Mazumdar Shaw, *Managing Director*

Peter Bains, *Director & Chief Executive Officer*

John Shaw, *Non-Executive Director*

Catherine Rosenberg, *Non-Executive Director*

Charles Cooney, *Non-Executive, Independent Director*

Russell Walls, *Non-Executive, Independent Director*

Daniel Bradbury, *Non-Executive, Independent Director*

Paul Blackburn, *Non-Executive, Independent Director*

## Audit and Risk Committee

Russell Walls, *Chairman*

Charles Cooney

Daniel Bradbury

Paul Blackburn

Catherine Rosenberg

## Nomination and Remuneration Committee

Charles Cooney, *Chairman*

Russell Walls

Daniel Bradbury

Paul Blackburn

## Stakeholders' Relationship Committee

Russell Walls, *Chairman*

Charles Cooney;

Daniel Bradbury;

Paul Blackburn; and

Catherine Rosenberg

## Corporate Social Responsibility Committee

Catherine Rosenberg; *Chairman*

Kiran Mazumdar Shaw

Daniel Bradbury

## Chief Financial Officer

MB Chinappa

## Company Secretary and Compliance Officer

Mayank Verma

## Registered and Corporate Office

Syngene International Limited

Biocon SEZ, Biocon Park

Plot No. 2 & 3, Bommasandra Industrial Area IV Phase

Jigani Link Road, Bommasandra

Bengaluru 560 099

Karnataka, India

Tel: (+91 80) 2808 2808

E-mail: [investor@syngeneintl.com](mailto:investor@syngeneintl.com)

Website: [www.syngeneintl.com](http://www.syngeneintl.com)

## Auditors to the Company

S. R. Batliboi & Associates LLP

Chartered Accountants

12th & 13th floor, UB City, Canberra Block

No. 24, Vittal Maliya Road, Bengaluru 560001

Karnataka, India

## Registrar and Share Transfer Agents

Karvy Computer Share Private Limited

(Unit: Syngene International Ltd.)

Karvy Selenium, Tower- B, Plot No 31 & 32.,

Financial District, Nanakramguda,

Hyderabad, 500032, India.

Email Id : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

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# Board's Report

Dear Shareholder

We present you the Twenty Second Annual Report on business and operations along with the audited financial statements and the auditor's report of your Company for the financial year ended 31st March, 2015.

## Financial Highlights

Particulars	₹ in Millions)	
	March 31, 2015	March 31, 2014
Total revenues	8,716	7,077
Total expenditure	5,788	4,860
Profit before interest depreciation and tax	2,928	2,217
Depreciation & Interest	893	660
Profit before tax	2,035	1,557
Provision for tax	285	218
Profit after tax	1,750	1,339
Total Profit available for Appropriation	5,424	5,003



## Performance Overview

The highlights of the Company's performance are as under:

- Revenues grew by 23% (From Rs. 7,077 million to Rs. 8,716 million)
- Operational Margin (EBITDA) grew by 32% i.e. from Rs. 2,217 million to Rs. 2,928 million
- Profit after Tax grew by 31% from Rs. 1,339 million to Rs. 1,750 million for the year

The significant increase in profitability is primarily attributed to improved utilization of existing capacities and moving up the value chain with differential models and more integrated service offerings.

During FY15, Syngene allotted additional shares under a rights issue to Biocon Research Limited, at a premium for a total consideration of INR 1,334 mn in September 2014 and to Mr Arun S Chandavarkar in March 2015. Syngene also undertook consolidation of its share capital and further allotted bonus shares in the ratio of 1: 6.1253329 pursuant to an approval from its shareholders, taking its total paid-up share capital to INR 2,000 mn.

In April 2015, Syngene has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) seeking approval for an Initial Public Offering (IPO) through an offer for sale by Biocon of a part of its shareholding in Syngene.

## Interim Dividend

During the year the Company has paid the interim Dividend of Rs. 21/- (420%) per share for the financial year ended March 31, 2015.

## Employee Stock Option Plan (ESOP)

The Company has an Employee Stock Option Plan ('ESOP') which is administered by the Nomination & Remuneration Committee for the benefit of employees of the Company, through the Syngene Employees Welfare Trust ('Trust').

## Subsidiary

During the year under review, the wholly owned subsidiary Clinigene International Limited got merged with the Company

effective from April 1, 2014 pursuant to Hon'ble High Court Order dated February 5, 2015. The Company has no subsidiary as on March 31, 2015. The financial statements for the year ended March 31, 2015 considers the impact of such merger.

## Paid up Capital

During the year, the equity shares paid up capital stood at Rs. 2,000 million.

## Research Personnel

Syngene has strong knowledge base with a total strength of 2,664 employees as on March 31, 2015. With the focused and collaborative efforts of its employees, Syngene has achieved greater heights during the year and has built a strong international reputation.

## Loans, Guarantees or Investments

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

## Corporate Governance

### Board of Directors:

#### Profile:

The Company has a balanced mix of Executive and Non-Executive Directors. As at March 31, 2015, the Board comprised eight members including two executive directors, six non-executive directors, of which four are independent directors. Ms. Kiran Mazumdar Shaw is the Managing Director and Mr Peter Bains is Director and Chief Executive Officer of the Company. Ms. Kiran Mazumdar Shaw & Mr Peter Bains conduct the day-to-day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are management professionals, scientists and technocrats who are senior, competent and highly respected persons from their respective fields. The brief profile of the Company's Board of directors is as under:

**Ms. Kiran Mazumdar Shaw**, 62 years, is the Managing Director of our Company. She is also the chairperson and managing director of Biocon. She is a first generation entrepreneur with

more than 39 years experience in the field of biotechnology. She holds a bachelors degree in Science (Zoology Hons.) from Bengaluru University and a masters degree in Malting and Brewing from Ballarat College, Melbourne University. She has been awarded with several honorary degrees including Honorary Doctorate of Science from Ballarat University, National University of Ireland, Trinity College, Dublin and the University of Glasgow. She is the recipient of several national and global awards, the most noteworthy being the 'PadmaShri' and the 'Padmabhushan' Award in 1989 and 2005, respectively, conferred by the President of India. She was also conferred with 'Ernst & Young Best Entrepreneur: Healthcare & Life Sciences Award (2002)', 'The Economic Times Business Woman of the Year Award (2004)', 'Nikkei Asia Prize for Regional Growth' by Japan's business daily, Nihon Keizai Shimbun, (2009) and most recently, the 'Othmer Gold Medal' by the U.S. based Chemical Heritage Foundation and '2014 Global Economy Prize' by Germany's Kiel Institute both in 2014. The prestigious Foreign Policy magazine has named her among the '100 Leading Global Thinkers of 2014'. She has also been named as one of the '100 Most Influential People in the World' by TIME magazine in 2010, '25 Most Influential People in Biopharma' by Fierce Biotech, Asia-Pacific's 'Heroes of Philanthropy (2013)' and '100 Most Powerful Women (2013)' by Forbes magazine. She is also an Independent director of the board of Infosys, and is the chairperson of the Indian Institute of Management, Bengaluru. She is a part of the U.S. Pharmacopeial Convention (USP) Board of Trustees. She is a member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. She has setup the Association of Biotech Led Enterprises (ABLE) in 2003 and was its first president. She serves on the National Advisory Council of the Government's Department of Biotechnology. She is member of the governing body of the Indian Pharmacopoeia Commission, Ministry of Health and Family Welfare, Government of India. She has been a director of our Company since November 1993.

**Mr. Peter Bains** is a Director and Chief Executive Officer of our Company. He holds a bachelors degree in Science (Combined honours in Zoology and Physiology) from University of Sheffield, United Kingdom and has almost three decades of experience in the global pharmaceutical space. He is responsible for the daily operations and takes strategic decisions for our Company. Before his appointment to our Board, he was with GlaxoSmithKline for 23 years, where he held several roles including head of global marketing and senior vice president

of commercial development (international). He has been a director of our Company since January 2010 and Chief Executive Officer since February 2, 2015.

**Mr. John Shaw**, 66 years, is a director of the Company. He holds a masters degree in Arts (Economic hon.) in History and Political Economy from Glasgow University, United Kingdom. Prior to joining our Board, he had worked with Coats Viyella plc. for 27 years in various capacities including finance and general administration and also served as finance director and managing director of Coats Viyella group companies in various locations around the world, before he came on the Board of our Company. He has been a director of our Company since March 2000.

**Prof. Catherine P Rosenberg** is a Non-Executive Director of our Company. She holds a 'Diplome d'Ingenieur' from the Ecole Nationale Superieure des Telecommunications de Bretagne, an M.S. (Computer Science) from the University of California, a 'Doctorat en Sciences' from the Universite de Paris XI, is a fellow member of the Institute of Electrical and Electronics Engineers and a fellow member of the Canadian Academy of Engineering. She is a professor in electrical and computer engineering at the University of Waterloo. Since June 2010, she holds the Canada Research Chair in the Future Internet. She has been a Director of our Company since August 2000.

**Prof. Charles L. Cooney**, 71 years is a Non-Executive, Independent Director of our Company. He holds a bachelors degree in Chemical Engineering from the University of Pennsylvania, a master's degree and a Ph.D in Biochemical Engineering from Massachusetts Institute of Technology. He is the Robert T. Haslam (1911) professor of Chemical Engineering, Emeritus and a member of the steering committee of the Deshpande Center for Technological Innovation at Massachusetts Institute of Technology. His research interests are in the fields of biochemical engineering and pharmaceutical manufacturing. He is a recipient of several prestigious awards, including Gold Medal of the Institute of Biotechnology Studies (London), the Food, Pharmaceutical and Bioengineering Award from the American Institute of Chemical Engineers, the Advisory Committee Service Award by the USFDA and the James Van Lanen Distinguished Service Award from the American Chemical Society. He has been a director of our Company since January 2001.

**Mr. Russell Walls**, 71 years, is a Non-Executive, Independent Director of our Company. He is a fellow member of the Association of Chartered Certified Accountants, United

Kingdom and brings to the Board his experience of more than 45 years in the field of finance. He possesses experience as director across a range of industries such as pharmaceuticals, textiles, transport and leisure. He is currently chairman of Aviva Life Holdings Limited and on the board of Mytrah Energy Limited, Aviva Italia Holdings SpA and Signet Jewelers Limited etc. He has been a director of our Company since April 2011.

**Mr. Daniel M. Bradbury**, 54 years, is a Non-Executive, Independent Director of our Company. He holds a postgraduate diploma in Management Studies and a diploma of the Chartered Institute of Marketing from Harrow and Ealing Colleges of Higher Education, United Kingdom and bachelors degree in Pharmacy (Hons.) from Nottingham University, United Kingdom. He has also completed the Director Training and Certification Program at the University of California, Los Angeles and the Director's College 2010 Executive Education Program from Stanford University and the international executive program from INSEAD, European Institute of Business Administration, France. He has over 30 years of experience in creating and implementing strategies that transform businesses and bring novel medicines to market. He has been honored with the Corporate Directors Forum Director of the Year Award for Enhancing Economic Value and the Ernst & Young's Entrepreneur of the Year Finalist. He serves on the University of San Diego's Rady School of Management's advisory council and the Keck Graduate Institute's board of trustees. He has been a director of our Company since April 2013.

**Mr. Paul F Blackburn**, 60 years, is a Non-Executive, Independent Director of our Company. He holds a bachelors degree in Science (Management Sciences) from Warwick University, United Kingdom and a professional accounting qualification from Institute of Cost and Management Accountants, United Kingdom. He has over 38 years of experience in the field of finance. He is senior finance executive with extensive emerging markets, corporate finance and change experience at GlaxoSmithKline, UK a global healthcare company. He has been a director of our Company since August 2014.

Further, during the year, Mr. Vishal Nevatia has been appointed as Investor observer by IVF Trustee Company Private Limited on the Board of the Company.

## Policy on directors' appointment and remuneration

The policy of the Company on director's appointment and

remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection (3) of Section 178 of the Companies Act, 2013 is appended in Annexure 1 to the Boards' Report.

## Board Diversity

A diverse Board enables efficient functioning through differences in perspective and skill, and also 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.

## Declaration by Independent directors

A declaration of Independence in Compliance with section 149(6) of the Companies Act, 2013, has been taken on record from all the independent directors of the Company.

## Board Evaluation

We believe in striving and excelling against contenders not only through products and initiatives but also through effective and efficient Board Monitoring. As required under the Companies Act, 2013, an evaluation of all the directors, the Board as a whole and its committees was conducted based on the criteria and framework adopted by the Board.

## Evaluation Mechanism

The Board is responsible for undertaking a formal annual evaluation of its own performance, that of its Committees and of individual Directors with a view to review their functioning and effectiveness and also for identifying possible paths for improvement. During the year, the Board in concurrence with Nomination and Remuneration Committee carried out a performance evaluation of itself, its Committees, the Chairperson and each of the executive/non-executive/independent directors excluding director being evaluated through the survey process. This was led by the Nomination and Remuneration Committee.

The Independent directors were evaluated on various performance indicators including aspects relating to –

- Contribution to and monitor governance practices;
- Introducing international best practices to address management issues;
- Participation in long-term strategic planning;

- Participation in Board and committee meetings;

The evaluation process consisted of advising the Directors to consider specific matters in advance, such as the functioning and effectiveness of the Board, the major issues and challenges for the Company etc. The evaluation process covered specifically the performance of the Board and its Committees on various areas, including –

- Contribution to strategy;
- Risk management;
- Contributions from directors and industry benchmarks;
- Financial and operating reporting including flow of information;
- Succession planning;
- Priorities for the Board and its committees over the next few years;
- Inter-relationships between the Board and its Committees and
- Board Committees and decision making.

The overall feedback was positive with the Directors recognizing that the performance of the Board, the chairperson, independent directors and its various Committees was effective.

## Inductions

During the year, Mr Paul Blackburn has been inducted on the board as an Independent Director. The said appointment was approved by the members at the Extra Ordinary General Meeting held in September, 2014.

In February 2015, Mr Peter Bains has been appointed as the Chief Executive Officer and Director of the Company. The said appointment was approved by the members at the Extra Ordinary General Meeting held in February, 2015.

## Retirement & Re-appointment of Directors:

Prof Catherine Rosenberg, shall retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

## Board Committees

The Syngene board has constituted the various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is directed by its Charter which outlines their scope, roles and responsibilities and their powers. All the decisions and recommendations of

the Committee are placed before the Board for their approval.

The various Board level Committees are as under:-

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

## Audit & Risk Committee:

### Terms of Reference:

The Board considering the fact that the functions of Risk Review Committee overlaps with the functions of Audit Committee agreed to combine the Risk Review Committee with Audit Committee at its meeting held on July 24, 2014 and renamed it as Audit and Risk Committee.

The Audit & Risk Committee provides direction to the audit function and monitors the quality of internal and statutory audit with an objective of moving towards a regime of unqualified financial statements. The Committee functions as per the provisions of Companies Act.

The responsibilities of the Committee include review of the quarterly and annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements etc. The Committee also reviews the functioning of whistle blower mechanism, adequacy and effectiveness of internal audit function, risk management and control systems and results of operation.

The Company has put in place an enterprise wide Risk Management Framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company and all its business units identify, assess and mitigate risks that could materially impact its performance in achieving the stated objectives. The Committee ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. Review strategic decisions of the Company and on regular basis reviews the Company's portfolio of risks and considering it against the Company's Risk Appetite. The Committee also recommend changes to the Risk Management Technique and / or associated frameworks, processes and practices of the Company.

**Composition**

The following directors are the current members of the Committee:

- a) Mr. Russell Walls, Chairman
- b) Prof. Charles L Cooney
- c) Mr. Daniel M Bradbury
- d) Mr. Paul Blackburn and
- e) Prof Catherine Rosenberg

The members of the committee are non-executive and majority are independent who possess sound knowledge of accounts, finance, audit and legal matters.

**Meeting and attendance during the year:**

Name	No. of meetings held	No. of meetings attended
Mr. Russell Walls	4	4
Mr. Paul Blackburn *	2	2
Prof. Charles L Cooney	4	4
Mr. Daniel M Bradbury	4	4
Prof Catherine Rosenberg**	2	1

\*Appointed as a member w.e.f August 26, 2014

\*\* Attendance during the meetings held on October 21, 2014 and January 22, 2015, is subsequent to change in nomenclature of the committee to Audit & Risk Committee, and has been accordingly considered.

During the year 2014-15, the Committee met 4 times on April 23, 2014, July 23, 2014, October 20, 2014 and January 21, 2015. The Senior Management team, Internal Auditors and Statutory Auditors attended all the meetings of the Audit & Risk Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Committee also recommended to the Board of Directors the re-appointment of M/s S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W), as Statutory Auditors of the Company for the period of two years.

Audit Committee members are also advised of the work of independent internal auditors, M/s PricewaterhouseCoopers (PwC) who are appointed to review and report whether the internal control processes & systems are in place and they report quarterly to the Audit Committee.

**Nomination & Remuneration Committee:**

**Terms of Reference:**

The Committee was constituted in terms of the provision of the Companies Act. The purpose of the Committee is to determine/review the Company’s policy on specific remuneration packages for the Executive Directors including pension rights and any compensation payment, oversee the framing, review and implementation of compensation policy of the Company on behalf of the Board, form a policy, procedures and schemes and to undertake overall supervision and administration of Employee Stock Option Schemes (ESOSs) of the Company and to review the Board structure, size and composition and make recommendation for any change. The committee also formulate evaluation criteria for directors and the board.

**Composition:**

The Board constituted the Remuneration Committee on April 23, 2014. The following directors are the current members of the Committee:

- a) Prof. Charles L Cooney, Chairman
- b) Mr. Russell Walls
- c) Mr. Daniel M Bradbury
- d) Mr. Paul Blackburn

The members of the committee are non-executive and independent directors.

**Meeting and Attendance during the year:**

Name	No. of meetings held	No. of meetings attended
Prof. Charles L Cooney	2	2
Mr Russel Walls	2	2
Mr. Paul Blackburn @	2	2
Mr Daniel M Bradbury	2	2

@ Appointed on August 26, 2014

During the year 2014-2015, the Committee met 2 times on October 20, 2014 and January 21, 2015.

**Compensation/Fees paid to Non-Executive Directors:**

The Non-executive directors were paid sitting fees for attending the Board and Committee Meetings. The Non-executive Independent directors of the Company are paid remuneration by way of commission subject to Board’s

approval at a sum not exceeding 1% per annum of our net profits as approved by the special resolution passed by the Members of the Company at the Extra Ordinary General Meeting held in September, 2014.

**Criteria for making payment to Non- Executive Directors:**

The role of non-executive/independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, legal or Intellectual property. Hence, the compensation to the non-executive directors towards the professional services to the Company is recommended.

**Stakeholders Relationship Committee:**

**Terms of Reference:**

The Committee was constituted voluntary considering that the Syngene to be listed in near future. The main role of the Committee is to look into the redressal of grievances of investors, or other security holders relating to transfer of shares; non-receipt of balance sheet; non-receipt of declared dividends; non-receipt of annual reports; non-receipt of interest etc. In addition to this, the Committee also looks into investor relations, share transfer (to the extent not delegated to officials) and monitors servicing of investor requirements.

**Composition:**

The Board constituted the Stakeholder Relationship Committee on July 23, 2014. The following directors are the current members of the Committee:

- a) Mr. Russell Walls, Chairman
- b) Prof. Charles L Cooney
- c) Mr. Daniel M Bradbury
- d) Mr. Paul Blackburn and
- e) Prof Catherine Rosenberg

The members of the committee are non-executive and majority are independent.

**Meeting and Attendance during the year:**

Name	No. of meetings held	No. of meetings attended
Mr. Russell Walls	1	1
Mr. Paul Blackburn	1	1
Prof. Charles L Cooney	1	1
Mr. Daniel M Bradbury	1	1
Prof Catherine Rosenberg	1	1

During the year 2014-15, the Committee met only once i.e. on October 21, 2014.

**Details of Shareholders Complaints**

There were no Investor Grievances, as the company is unlisted.

**Corporate Social Responsibility Committee**

**Terms of Reference**

The Committee owns the corporate social responsibility policy and recommends any changes to the policy (or related activities) from time to time to the Board. Committee also oversees the implementation of the policy, approves plans/ programs including selection of external partners towards execution of corporate social responsibility activities.

**Composition:**

The Board constituted the Corporate Social Responsibility Committee on July 25, 2013. Currently, the Committee comprises the following Directors:

- a) Prof Catherine Rosenberg, Chairman
- b) Ms. Kiran Mazumdar Shaw
- c) Mr. Daniel Bradbury

Prof Catherine Rosenberg, Chairman of the Committee is a non-executive Director.

**Meeting and Attendance during the year:**

Name	No. of meetings held	No. of meetings attended
Prof Catherine Rosenberg	2	2

Name	No. of meetings held	No. of meetings attended
Ms. Kiran Mazumdar Shaw	2	2
Dr. Daniel Bradbury	2	1

During the year, two meetings of the Committee were held on April 24, 2014 & October 21, 2014

### Role of Company Secretary in Governance

The Company Secretary is a Compliance Officer and plays a key role in ensuring that effective board procedures are followed and reviewed periodically. The Company Secretary is primarily responsible to ensure compliance with all the provisions of Companies Act and provisions of all other applicable laws to the Company. The Company Secretary ensures timely flow of information along with relevant supporting are made available to the directors and the senior management team for effective decision making at the respective meetings.

### Related party contracts or arrangements

All transactions entered into with the Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm’s length basis, and did not attract provisions of Section 188 of Companies Act, 2013 relating to approval of shareholders.

Transactions with related parties are in the ordinary course of business and also on arms’ length pricing basis. Prior approval from the Audit & Risk Committee are obtained for transactions which are repetitive and also in normal in nature. Further, disclosures are made to the Committee and the Board on a quarterly basis.

There have been no material related party transactions undertaken by the Company, and hence no details have been enclosed pursuant to clause (h) of subsection (3) of Section 134 of Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 – ‘AOC-2’.

### Material changes and commitments

During FY15, your company allotted additional shares under a rights issue to Biocon Research Limited, an associate company at a premium for a total consideration of INR 1,334 mn in

September 2014 and to Mr Arun S Chandavarkar in March 2015. Syngene also undertook consolidation of its share capital and further allotted bonus shares in the ratio of 1:6.1253329 pursuant to an approval from its shareholders, taking its total paid-up share capital to INR 2,000 mn.

The wholly owned subsidiary of your company, Clinigene International Limited got merged with the Company effective from April 1, 2014 pursuant to Hon’ble High Court Order dated February 5, 2015. The Company has no subsidiary as on March 31, 2015. The financial statements for the year ended March 31, 2015 considers the impact of such merger.

In April 2015, the Company filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) seeking approval for an Initial Public Offering (IPO) through an offer for sale by the Biocon upto 11% of the share capital of the Company.

Apart from the above, there have not been any material changes affecting the financial position of the Company between the end of the financial year and the date of this report.

### Change in nature of business

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

### Statutory Auditors

At the Annual General Meeting on July 23, 2014, M/s S. R. Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in calendar year 2015. We propose to re-appoint them as Statutory Auditors for a further period of two years, which shall be ratified on an annual basis. Post the conclusion of the extended term, they would cease to hold office as per the provisions of Companies Act, 2013. In this regard, the Company has received an intimation from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company.

## Secretarial Auditors

M/s Sreedharan & Associates was appointed to conduct the secretarial audit of the Company for FY 2014-15, as required under section 204 of the Companies Act, 2013 and rules thereunder. The secretarial audit report for FY 2014-15 forms the part of the annual report as annexure 2 of the Boards report.

## Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

## Extract of Annual Return

An extract of the Annual return has been annexed as annexure 4 to the Board's Report in compliance with Section 92 of the Companies Act 2013 read with applicable Rules made thereunder.

## Whistle Blower Policy/ Vigil mechanism

The Company has implemented a Whistle Blower Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non compliance to code of conduct to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee.

## Particulars of Employees

The statement containing particulars of employees read with 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form a part of this Report and annexed as Annexure 5 of the Board's Report.

## Corporate Social Responsibility

Being a subsidiary of Biocon, Syngene has contributed to Biocon Foundation as part of its CSR activity. Biocon Foundation is engaged in the following activities:

**Health Care services:** We firmly believe that the use of technology can make healthcare delivery in rural areas more efficient and therefore we have developed an integrated and holistic healthcare delivery service, which seeks to address

critical gaps in the delivery of healthcare in rural India. Our efforts are targeted at enabling last mile reach of preventive and primary health services in rural areas.

**Education:** While our projects address experiential learning in basic maths, computer skills and language skills of the underserved young people in rural areas, we also impart advanced training necessary and skills required for gainful employment in the Biopharma Sector to young graduates through Biocon Academy.

**Civic Infrastructure:** The Civic infrastructure is in deficit in the country, specially the rural India. At Biocon, we are working with the government to build townships, schools, sanitation and water supply that can fulfil the basic needs of rural communities. We have adopted a township in North Karnataka while providing support infrastructure including school, safe drinking water, health centre, and community hall. This coupled with rain water harvesting system and solar lights, we have also built household and community toilets to enable clean sanitation facilities for the rural communities.

In compliance with the provisions of Section 135 of the Companies Act, 2013 the Board of Directors of the Company have formed a Corporate Social Responsibility Committee, which monitors and oversees various CSR initiatives and activities of the Company. A detailed report regarding Corporate Social Responsibility is enclosed in annexure 3 to the Board's Report.

Information under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013

The Company's policy on prevention of sexual harassment of women provides for the protection of women employees at the workplace and for prevention and redressal of such complaints. There were no complaints pending for redressal at the beginning and at the end of the financial year.

## Director's Responsibility Statement

In Compliance with section 134(5) of the Companies Act, 2013, the Board of Directors 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 so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The Company is responsible for establishing and maintaining adequate and effective internal financial controls with regard to its business operations and, in the preparation and presentation of the financial statements, in particular, the assertions on the internal financial controls in accordance with broader criteria established by the Company.  
Towards the above objective, the directors have laid down internal financial controls based on internal controls framework established by the Company, which in all material respects were operating effectively as at March 31, 2015.
- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate. The Company has substantially complied with material provisions of such acts and regulations as are relevant for its operations.

### Statutory Disclosures

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

### Deposits

The company has not accepted any fixed deposits from public.

### Risk Management Policy

#### Risk and Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which can adversely affect the objectives of company. Impact of risks could be either monetary e.g. impact on business profits due to increase in costs; decreasing revenue etc. or non-monetary e.g. delay in securing regulatory approvals, reputational damage etc. As a conscientious organization, we have adopted a risk management framework to ensure early identification and management of various critical risks, which accrue to our business model.

The key risks to our business emerge from five key areas: Amount of global R&D spend outsourcing to India, Client Concentration, Execution efficacy, Quality & regulatory and currency movement.

Our business model is underpinned by the global R&D outsourcing in the areas of discovery and development of NMEs. The amount of these services being outsourced to India is the prime driver of our business growth. Our clients have certain preferences for outsourcing partners, which is driven chiefly by their internal outsourcing vision, past experience as well as current and emerging R&D requirements. Our business is anchored on clients who have continued to work with us over the years, on account of our ability to support their molecule's growth efficiently. The retention of our clientele is determined by several factors, one of which is our ability to successfully execute projects and evolve with our clients requirements.

We are actively working towards mitigating the external risks related to quantum of R&D outsourcing and client concentration by focusing on diversification of our client base across geographies, sectors and areas of engagement. The global R&D outsourcing industry had recently suffered a setback during the recession and the years that followed immediately afterwards. We are currently witnessing a renewal of outsourcing in the market. In addition, we continuously look to expand our client base to sectors adjutant to pharma and biotechnology, like animal health, nutrition and cosmetics. Our integrated platform helps strengthen client engagements by offering multiple service touch points and greater flexibility to clients for integrated development.

Our facilities are subject to scrutiny from our customers and global regulators. A good track record in quality is imperative for us to sustain most of these client engagements. We had

four FDA inspections over the last few years, and have cleared all of them with no 483s or major observations. However, governing laws across the globe are becoming increasingly stringent over time, with severe penalties or actions in the event of non-compliance or violations to regulatory standards. In the scenario where we or any of our suppliers fail to comply with such regulations, there could be a regulator-enforced shutdown of concerned production facilities, prohibition on the sale or import of non-complying products etc. Such impact would significantly affect the delivery of our objectives.

Our client base is primarily based outside of India, and hence our revenues are accrued in foreign currency. The movement of the Indian rupee vis-à-vis currencies like US Dollar and Euro impact our business growth and profitability. In addition to the above, other key risks relating to our current operations include human capital risk such as loss of key personnel, timely replenishment of critical vacant roles, reliance on third party sole suppliers or service providers including regional supplier reliance, disruption of operations from natural disasters, risk arising out of strategic projects, foreign exchange fluctuations, changing landscape of statutory regime etc.

### Conservation of energy, technology absorption and Foreign Exchange earnings and outgo

The Company is a certified ISO 9001 company and all research projects are conducted in conformance with the ISO 9001 systems. With particular strengths in the areas of molecular biology and synthetic chemistry, the Company's bio-diversity programme has provided proprietary advantages. This has in-turn enabled engagements with leading pharmaceuticals / bio-pharma players. The Department of Science & Industrial Research, Government of India also recognized the Company as an approved Research Company.

The Company is committed to energy conservation and

adheres to good Laboratory Practice especially in terms of safety, health, environment, pollution control etc. The Company also carries the accreditations of Environmental and Safety Systems: ISO 14001:2004 and OHSAS 18001:1999.

The Company has not bought any technology for absorption.

Foreign Exchange Earnings & Outflow	
Total earnings in foreign exchange during the year (Previous year Rs.6,848 million)	Rs.8,168 million
Total out flow of foreign exchange during the year (Previous year Rs.1,518 million)	Rs.2,407 million

### Acknowledgments

The Board greatly appreciates the commitment and dedication of its employees across all levels who have contributed to the growth and sustained success of the Company. We would like to thank all our clients, vendors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Government of India, Government of Karnataka, ministry of Information technology and Biotechnology, Ministry of Commerce and Industry, Ministry of Finance, Department of Scientific and Industrial research, customs and Excise Departments, income Tax Department, CSEZ, LTU Bengaluru and all other government agencies for their support during the year and look forward to the same in the future.

For and on behalf of the Board

Sd/-

Place: Bengaluru

Ms Kiran Mazumdar- Shaw

Date: April 28, 2015

Managing Director

## Annexure 1

### Policy on director's appointment and remuneration

The policy on appointment and remuneration of directors and key management personnel provides an underlying basis and guide 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 and Key Managerial Personnel
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan

#### 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' 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 Management means personnel of the company who are members of its core management team excluding the Board of Directors and including Functional Heads.

#### 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.

#### DUTIES AND ROLE 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 duties 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 performance with a reasonable and sufficient need to attract, retain and motivate members of the Board.
- To approve the remuneration of key managerial personnel 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.

### SECTION III

This section covers the Policy for appointment, term and retirement of Director 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 Executive Chairman, 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 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, 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 and Senior Management Personnel

### General

- 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.

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

- 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. The Committee shall approve the remuneration for the KMP.
- 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, with the previous approval of the Central Government.

- 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.
- 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:

- 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.
- 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 the Central Government from time to time.
- 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

Particulars	Currency	Amount
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

#### AMENDMENTS AND UPDATES

The Nomination and Remuneration Committee periodically

shall 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.

Place: Bengaluru  
Date: April 28, 2015

Ms Kiran Mazumdar- Shaw  
*Managing Director*

## Annexure 2

### Secretarial Audit report for the Financial Year ended March 31, 2015

[Pursuant to section 204 (1) of the Companies Act, 2013 and rule no. 9 of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014]

To,  
The Members,  
Syngene International Limited

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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of Syngene International Limited'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 audit period covering the financial year ended on March 31, 2015 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 Syngene International Limited ("the Company") for the financial year ended on March 31, 2015 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, Overseas Direct Investment and External Commercial Borrowings;
- (v) a. Drugs and Cosmetics Act 1940
- b. Bio Medical Waste (Management & Handling) Rules, 1998
- c. ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on).
- d. UCPMP (Currently voluntary – however proposed to be made mandatory).
- e. National Biodiversity Act 2002
- f. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955
- g. BUDAPEST TREATY 1977 - on the International Recognition of the Deposit of Micro-organisms
- h. Narcotic Drugs and Psychotropic substance Act
- i. Drugs (Control) Act, 1950
- j. Ethical Guidelines for Biomedical Research on Human Participants, 2006
- k. The Poisons Act, 1919
- l. Prevention of Cruelty to Animals Act, 1960 and the Breeding of and Experiments on Animals (Control and Supervision) Rules, 1998
- m. Atomic Energy Act, 1962 and Atomic Energy (Radiation Protection) Rules, 2004
- n. Radiation Protection Rules, 1971
- o. Radiation Surveillance Procedures for Medical Application of Radiation, 1989

We have not examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries

of India as they had not been approved by the Central Government upto March 31, 2015.

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

We further report that:

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that 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 were no events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Date: April 28, 2015

For V. SREEDHARAN & ASSOCIATES

Pradeep B. Kulkarni

Partner

FCS: 7260; CP No. 7835

# Annexure 3

## Corporate Social Responsibility

[Pursuant to Section 135 of Companies Act, 2013]

We believe in making a difference to the lives of millions of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure.

Your company's CSR activities are implemented through:

- Biocon Foundation – Works towards the development and implementation of healthcare, education and infrastructure projects for the marginalized sections of society.
- Biocon Academy- Aims to address the skill deficit in the biotechnology space.
- External partners- Partner with reliable CSR players who work towards the development of society.

The CSR Vision of the Company is:

- To promote social and economic inclusion by ensuring that marginalized communities have equal access to healthcare services, educational opportunities, and proper civic infrastructure.
- To create a globally competitive Biotech ecosystem in

India through skill development.

- To bridge the gap of gender disparity in education, health-care and employment.

Visit our website for more details related to our CSR Policy.

### CSR Committee

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

The members of the CSR Committee are-

- a) Prof Catherine Rosenberg, Chairperson
- b) Ms. Kiran Mazumdar Shaw
- c) Mr Daniel M Bradbury

### Financial details

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

Particulars	In INR mn	
	Amount	
Average net profit before tax of the Company for last three financial years*	1,109	
Prescribed CSR expenditure (2% of the average net profit as computed above)	22.2	
Details of CSR spent during the financial year :		
Total amount to be spent for the financial year	22.2	
Total amount spent	22.2	
Amount unspent, if any	Not applicable	



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

In INR 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 nine Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	2.9	2.9	2.9	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	0.5	0.5	0.5	Biocon Foundation
3	E-Health – Odisha & Karnataka	Healthcare and medical facilities	Odisha and Bagalkot	5.1	5.1	5.1	Biocon Foundation
4	Chinnara Ganitha	Improving quality of education	Various districts in Karnataka	1.9	1.9	1.9	Biocon Foundation
5	E-Kisaan	Improving quality of education	Bagalkot and Bijapur	0.7	0.7	0.7	Biocon Foundation
6	Project Once	Clean Drinking Water and Rain water harvesting	Bengaluru (Huskur)	0.5	0.5	0.5	Biocon Foundation
7	Women's Hostel	Rural development	Haliyal, Karnataka	1	1	1	Biocon Foundation
8	Rural development project	Rural development	Bengaluru (Hebbagodi)	1	1	1	Biocon Foundation
9	International School of Business	Improving quality of education	Hyderabad	1.1	1.1	1.1	Biocon Foundation
10	Administrative expenses	Offices expenses	Bengaluru, Odisha	7.5	7.5	7.5	Biocon Foundation
	Total			22.2	22.2	22.2	

## 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.

Place: Bengaluru  
Date: April 28, 2015

Ms Kiran Mazumdar Shaw  
Managing Director

Prof Catherine Rosenberg  
Chairperson, CSR Committee

## Annexure 4 MGT-9

### EXTRACT OF ANNUAL RETURN

#### Registration & other details:

1.	CIN	U51909KA1993PLC014937
2.	Registration Date	18/11/93
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 Indst. Area IV Phase, Jigani Link Rd, Bommasandra Bengaluru – 560099 Contact : Tel +91 80 2808 2023 Email : mayank.verma@syngeneintl.com
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact : Tel +91 40 23312454 ; Email : einward.ris@karvy.com

#### Principal Business activities of the Company

S. 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

S. 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	83.61%*	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-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
a) Individual/ HUF	-	165	165	0.00%	584	-	584	0.00%	0.00%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.		47,497,525	47,497,525	87.69%	169,084,516	-	169,084,516	84.54%	3.15%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other (Trust)	-	-	-	-	-	2,000,000	2,000,000	1.00%	-1.00%
Sub Total (A-1)	-	47,497,690	47,497,690	87.69%	169,085,100	2,000,000	171,085,100	85.54%	2.15%
(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)	-	47,497,690	47,497,690	87.69%	169,085,100	2,000,000	171,085,100	85.54%	2.15%
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	20,000,004	-	20,000,004	10.00%	-10.00%
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-

Category of shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Foreign Body Corporate	-	4,166,667	4,166,667	7.69%	-	-	-	-	7.69%
Sub-total (B)(1):-	-	4,166,667	4,166,667	7.69%	20,000,004	-	20,000,004	10.00%	-2.31%
2. Non-Institutions	-								
a) Bodies Corp.	-	625,000	625,000	1.15%	2,226,659	-	2,226,659	1.11%	0.04%
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	2,310	2,310	0.01%	7,638	599	8,237	0.01%	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Qualified Foreign Investors	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	627,310	627,310	1.16%	2,234,297	599	2,234,896	1.12%	0.04%
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	4,793,977	4,793,977	8.85%	22,234,301	599	22,234,900	11.12%	-2.27%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
D Non Promoter non Public	-	1,875,000	1,875,000	3.46%	6,680,000	-	6,680,000	3.34%	0.12%
Grand Total (A+B+C+)	-	54,166,667	54,166,667	100.00%	197,999,401	2,000,599	200,000,000	100.00%	-

## ii. Shareholding of promoters

SIN	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during 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	Kiran Mazumdar Shaw	165	-	-	584	-	-	-
2	Biocon Limited	47,497,525	87.69	-	167,217,843	83.61	-	4.08
3	Biocon Limited Employee Welfare Trust	-	-	-	2,000,000	1.00	-	(1.00)
4	Biocon Research Limited	-	-	-	1,866,673	0.93	-	(0.93)
	<b>Total</b>	<b>47,497,690</b>	<b>87.69</b>	<b>-</b>	<b>171,085,100</b>	<b>85.54</b>	<b>-</b>	<b>(2.15)</b>

## iii. 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 EMPLOYEE WELFARE TRUST				
	At the beginning of the year	-	-	-	-
	Transfer/ sale of shares during the year	2,000,000	1.00	2,000,000	1.00
	At the end of the year			2,000,000	1.00
2	BIOCON RESEARCH LIMITED				
	At the beginning of the year	-	-	-	-
	Acquisition of share during Sept 2014	41,66,667	7.69	41,66,667	7.69
	Right Issue	19,71,060	3.24	61,37,727	10.93
	Transfer of Shares			(56,13,773)	10.00
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			2,61,977	
	Issue of Bonus Issue in March 2015	16,04,696		1,866,673	0.93
	At the end of the year			1,866,673	0.93
3	BIOCON LIMITED				
	At the beginning of the year	4,74,97,525	87.69	4,74,97,525	87.69
	Transfer of shares	1.00	0.00	4,74,97,526	87.69

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
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			2,37,48,763	
	Issue of Bonus Issue in March 2015	14,54,69,080		16,92,17,843	
	Transfer of shares	(20,00,000)	1.0	16,72,17,843	83.61
	At the end of the year			16,72,17,843	83.61
4	KIRAN MAZUMDAR SHAW				
	At the beginning of the year	165	0.0	165	0.0
	Transfer of shares	(1)	0.0	164	0.0
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			82	0.0
	Issue of Bonus Issue in March 2015			502	0.0
	At the end of the year			584	0.0

#### 4. Shareholding Pattern of top ten Shareholders

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

Sl No.	For Each of the Top 10 Shareholders	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	IVF TRUSTEE COMPANY PRIVATE LIMITED				
	At the beginning of the year	-	-	-	-
	Acquisition of shares in Jan 2015	56,13,773	10.00	56,13,773	10.00
	Transfer of Share in March, 2015	1	0.0	56,13,774	10.00
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			28,06,887	10.00
	Issue of Bonus Issue in March 2015	1,71,93,117		20,000,004	10.00
	At the end of the year			20,000,004	10.00
2	SYNGENE EMPLOYEE WELFARE TRUST				
	At the beginning of the year	1,875,000	3.46	1,875,000	3.46
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			8,37,500	3.34
	Issue of Bonus Issue in March 2015	57,42,500		6,680,000	3.34
	At the end of the year			6,680,000	3.34
3	ALLEGRO CAPITAL PRIVATE LIMITED				
	At the beginning of the year	625,000	1.15	625,000	1.15
	Transfer of shares	(1,92,897)		4,32,103	

Sl No.	For Each of the Top 10 Shareholders	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
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			2,16,051	
	Issue of Bonus Issue in March 2015	13,23,384		15,39,435	0.77
	At the end of the year			15,39,435	0.77
4	DIL LIMITED				
	At the beginning of the year	-	-	-	-
	Transfer of shares	-	-	1,92,897	0.3
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			96,448	
	Issue of Bonus Issue in March 2015	5,90,776		6,87,224	0.3
	At the end of the year			6,87,224	0.3
5	CHINAPPA M.B.				
	At the beginning of the year	1980	0.0	1,980	0.0
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			990	0.0
	Issue of Bonus Issue in March 2015	6,064	0.0	7,054	0.0
	At the end of the year			7,054	0.0
6	ARUN S CHANDAVARKAR				
	At the beginning of the year	165	0.0	165	0.0
	Allotment under Right Issue	1	0.0	166	0.0
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			83	0.0
	Share arise due to consolidation			1	0.0
	Issue of Bonus Issue in March 2015	515	0.0	599	0.0
	At the end of the year			599	0.0
7	MURALI KRISHNAN K N				
	At the beginning of the year	165	0.0	-	-
	Transfer of share	1	0.0	164	0.0
	Consolidation of shares from Rs. 5 to Rs. 10 in March 2015			82	0.0
	Issue of Bonus Issue in March 2015	502	0.0	584	0.0
	At the end of the year			584	0.0

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

S No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01 April 2014)		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	165	0.0	-	-
	Bonus shares issues in March 2015			419	0.0
	At the end of the year	584	0.0	584	0.0
2	M B CHINAPPA				
	At the beginning of the year	1,980	0.0	-	-
	Bonus shares issues in March 2015	-	-	5,074	0.0
	At the end of the year	7,084	0.0	7,084	0.0

## Indebtedness

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

Figures in INR Mn.

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	948.31	601.25	-	1,549.56
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	948.31	601.25	-	1,549.56
Change in Indebtedness during the financial year				
* Addition	903.08	2,138.01	-	3,041.09



	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
* Reduction	1,665.09	1,375.35	-	3,040.44
Net Change	(762.01)	762.66	-	0.65
Indebtedness at the end of the financial year				
i) Principal Amount	186.30	1,363.91	-	1,550.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.34	-	-	0.34
Total (i+ii+iii)	186.64	1,363.91	-	1,550.55

## Remuneration of Directors and Key Managerial Personnel

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

Figures in INR Mn

Sl	Particulars of Remuneration	Kiran Mazumdar Shaw (MD)	Peter Bains (CEO)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	3.76	3.76
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5	Others, please specify	-	-	-
	Total (A)	-	3.76	3.76
	Ceiling as per the Act			134

## B. Remuneration to other Directors

(In ₹ mn)

Sl N	Particulars of Remuneration	Name of Director						Total Amount
		Charles Cooney	Russell Walls	Catherine Rosenberg	Daniel Bradbury	Paul Blackburn	Peter Bains	
1.	Independent Directors							
	Fee for attending board committee meetings	0.40	0.40	-	0.40	0.30		1.50
	Commission	3.12	2.93	-	2.93	2.06		11.04
	Others, please specify							
	Total (1)	3.52	3.33	-	3.33	2.36		12.54
2.	Other Non-Executive Directors							
	Fee for attending board committee meetings			0.40			0.40	0.80
	Commission							
	Others, please specify							
	Total (2)			0.40			0.40	0.80
	Total B (1 + 2)	3.52	3.33	0.40	3.33	2.36	0.40	13.34
	Total Managerial Remuneration (A+B)	3.52	3.33	0.40	3.33	2.36	0.40	13.34
	Overall Ceiling as per the Act							13.4

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

Figures in INR mn

S I . No.	Particulars	CFO	Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25.72	1.82	27.54
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	c) As % of Profit	-	-	-
	d) Others, Specify	-	-	-
5.	Others, Specify: Professional Fees	-	-	-
	Total	25.72	1.82	27.54

Note

1. Salary of CEO is not included above, since he is an Executive Director already included in Section (A) above

D. Penalties / Punishment/ Compounding of offences:

There were no penalties/punishment/ compounding of offences for the year ended March 31, 2015

## Annexure 5

### B. Information in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of Remuneration paid during the year ended 31st March, 2015

Sl. No.	Employee Name	Designation	Education Qualifications	Age	Total Work Exp	Remuneration	Date of Commencement of Employment	Previous Employment and Designation
1	Ajit Manocha	Associate Vice President - Systems	MCA	45	23	7,607,520	19/Aug/08	Ranbaxy Labs Limited – General Manager
2	Anita Chugh	Research Director – Head Biology	Ph.D.	51	23	7,179,950	27/Oct/11	Aurigene Discovery Technologies Limited – Research Director
3	Chinappa M B	CFO & President - Finance	CA	47	22	25,720,783	01/Apr/08	Biocon Limited – Group Vice President (Finance)
4	Dhananjay B Patankar	Vice President - Biologics	Ph.D.	50	22	11,242,260	11/Oct/10	Indus Biotherapeutics Limited – Chief Operating Officer
5	Manoj Nerurkar	Chief Operating Officer	Ph.D.	46	19	23,311,800	07/Sep/09	Novartis Healthcare Private Limited – Project Manager - TRD
6	Friedrich Wilhelm Joachim Demnitz*	Vice President – Synthetic Chemistry	Ph.D.	57	20	10,761,887	01/Aug/13	Aniona APS – Vice President
7	Peter Bains *	Director & CEO	B.Sc.	58	30	3,758,424	02/Feb/15	GlaxoSmithKline - Head of Global Marketing and Senior Vice President of Commercial Development
8	Ashis Baran Mandal *	Research Director	Ph.D.	54	22	5,322,661	01/Sep/99	National Taiwan University - Post Doctoral Research Fellow

\* Employed for part of the year.

Note

1. Remuneration shown above includes Salary, Allowances, Bonus (based on receipt), Company's contribution to provident fund, and other perquisites including perquisites on exercise of stock options valued as per Income Tax Rules, 1962. Leave encashment and Gratuity are on payment basis.
- 2 Nature of employment in all cases is contractual. The other terms and conditions are as per Company's Rules.
- 3 None of the employee is a relative of any Director or Manager of the Company.

For and on behalf of the Board

Place: Bengaluru  
Date: April 28, 2015

Ms Kiran Mazumdar Shaw  
Managing Director

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## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Syngene International Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Syngene International Limited ("the Company"), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 in accordance with the standards of Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2015, its profit 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, 2015("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) if 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act; and

- (f) 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 financial statements – Refer Note 36(b) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R.Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

Per Aditya Vikram Bhauwala  
Partner  
Membership Number: 208382

Place of Signature : Bengaluru  
Date : April 28, 2015

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## Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Syngene International Limited ("the Company") for the year ended March 31, 2015. We report that :

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, intended to cover all the fixed assets of the Company over a period, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, as well as taking into consideration the management representation that certain items of inventory and fixed assets are of special nature for which alternate quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount disputed (₹ in million)	Amount paid under protest (₹ In million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	339	339	PY 2009-10 to PY 2010-11	Commissioner of Income Tax ( Appeals)
Income Tax Act, 1961	Income Tax	706	40	PY 2002-03 to PY 2008-09	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax (including interest)	6	1	March 16, 2005 to February 28, 2007	Customs, Excise and Service Tax Appellate Tribunal
Karnataka Value Added Tax Act, 2003	Non deduction of tax at source	1	-	FY 2009-2010	Joint Commissioner, Commercial Taxes

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956(1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks. The Company does not have any borrowing by way of debenture.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R.Batlilbui & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W

Per Aditya Vikram Bhauwala  
Partner  
Membership Number: 208382

Place of Signature : Bengaluru  
Date : April 28, 2015



## BALANCE SHEET

₹ in Million

	Notes	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,991	261
Reserves and surplus	4	6,458	6,332
		<b>8,449</b>	<b>6,593</b>
<b>Non - current liabilities</b>			
Long-term borrowings	5	186	-
Deferred Tax liability (net)	6	49	51
Other Long-term liabilities	7	647	583
Long-term provisions	8	132	58
		<b>1,014</b>	<b>692</b>
<b>Current liabilities</b>			
Short-term borrowings	9	1,364	1,549
Trade Payables	10	692	766
Other current liabilities	11	2,602	2,212
Short-term provisions	12	94	97
		<b>4,752</b>	<b>4,624</b>
<b>TOTAL</b>		<b>14,215</b>	<b>11,909</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	13	4,976	3,941
Intangible assets	14	57	-
Capital work-in-progress		1,051	453
Non-current investments	15	-	1
Long-term loans & advances	16	1,142	1,031
Other non-current assets	17	1,131	143
		<b>8,357</b>	<b>5,569</b>
<b>Current assets</b>			
Current investments	18	1,460	3,520
Inventories	19	384	149
Trade receivables	20	1,799	943
Cash and bank balances	21	1,157	916
Short-term loans and advances	22	338	269
Other current assets	23	720	543
		<b>5,858</b>	<b>6,340</b>
<b>TOTAL</b>		<b>14,215</b>	<b>11,909</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 101049W

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

per Aditya Vikram Bhauwala  
Partner  
Membership No. 208382

Kiran Mazumdar Shaw  
Managing Director

JMM Shaw  
Director

Peter Bains  
Director & Chief Executive Officer

Place: Bengaluru  
Date : 28 April 2015

M.B. Chinappa  
Chief Financial Officer

Mayank Verma  
Company Secretary

## STATEMENT OF PROFIT AND LOSS

(All amounts in Indian Rupees Million, except share data and per share data)

₹ in Million

	Notes	Year ended March 31, 2015	Year ended March 31, 2014
<b>Income</b>			
Revenue from operations	24	8,599	6,995
Other Income	25	117	82
<b>Total Revenue</b>		<b>8,716</b>	<b>7,077</b>
<b>Expenses</b>			
Cost of chemicals, reagents and consumables consumed	26	2,493	1,898
(Increase)/ decrease in Inventories	27	(103)	16
Employee benefit expenses	28	2,019	1,556
Other expenses	29	1,379	1,390
Depreciation & Amortisation expense	13 & 14	814	656
Finance costs	30	79	4
<b>Total Expenses</b>		<b>6,681</b>	<b>5,520</b>
<b>Profit before tax</b>		<b>2,035</b>	<b>1,557</b>
<b>Tax expenses</b>			
Current tax		404	328
Less: MAT credit entitlement		(117)	(96)
Deferred tax		(2)	(14)
<b>Total tax expense</b>		<b>285</b>	<b>218</b>
<b>Profit for the year</b>		<b>1,750</b>	<b>1,339</b>
Earnings per equity share (nominal value of share ₹10/-) (refer note 39)			
Basic (in ₹)		9.20	7.19
Diluted (in ₹)		8.89	6.94
Weighted average number of shares used in computing earnings per share (refer note 39)			
Basic		19,01,64,803	18,62,97,771
Diluted		19,68,44,803	19,29,77,771
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 101049W

per Aditya Vikram Bhauwala  
Partner  
Membership No. 208382

Place: Bengaluru  
Date : 28 April 2015

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

Kiran Mazumdar Shaw  
Managing Director

M.B. Chinappa  
Chief Financial Officer

JMM Shaw  
Director

Peter Bains  
Director & Chief Executive Officer

Mayank Verma  
Company Secretary

## CASH FLOW STATEMENT

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
<b>I CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Net profit before tax	2,035	1,557
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and Amortisation expense	814	656
Provision for doubtful receivables	2	10
Employee stock compensation expense	60	56
Unrealised exchange (gain)/loss	9	(61)
Interest expense	76	2
Dividend earned	(99)	(47)
Other operating income	(133)	(101)
Interest Income	-	(29)
<b>Operating profit before working capital changes</b>	<b>2,764</b>	<b>2,043</b>
<b>Movements in working capital :</b>		
Increase/ (decrease) in trade payables	(120)	(56)
Increase/ (decrease) in other liabilities	281	1,666
Increase/ (decrease) in provisions	39	46
Decrease/ (increase) in trade receivables	(784)	(203)
Decrease/ (increase) in inventories	(235)	30
Decrease/ (increase) in loans & advances	(178)	(57)
Decrease/ (increase) in other assets	(1,161)	(125)
<b>Cash generated from/ (used in) operations</b>	<b>606</b>	<b>3,344</b>
<b>Direct taxes paid (net of refunds)</b>	<b>(421)</b>	<b>(349)</b>
<b>Net cash flow from/ (used in) operating activities</b>	<b>185</b>	<b>2,995</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of Tangible assets, including capital work in progress and capital advances and net of reimbursement from customers	(1,970)	(998)
Purchase of Intangible assets	(69)	-
Grant of loan to subsidiary	-	(199)
Recovery of loan from subsidiary	-	165
Proceeds from sale of Tangible assets	-	28
Dividend received	99	47
Interest received	-	44
Proceeds from current investments	6,277	3,202
Purchase of current investments	(4,217)	(6,031)
<b>Net cash flow from/ (used in) investing activities</b>	<b>120</b>	<b>(3,742)</b>

## CASH FLOW STATEMENT *(contd.)*

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
<b>III CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Proceeds from issuance of share capital	1,334	-
Recovery of loan from Trust	40	-
Repayment of long term borrowings	-	(45)
Proceeds from long term borrowings	185	-
Proceeds / (Repayment) from/of short term borrowings, net	(252)	1,601
Dividend paid on equity shares	(1,138)	-
Tax on equity dividend paid	(193)	-
Interest paid	(77)	(2)
<b>Net cash flow from/ (used in) financing activities</b>	<b>(101)</b>	<b>1,554</b>
<b>IV NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)</b>	<b>204</b>	<b>807</b>
Effect of exchange difference on cash & cash equivalents held in foreign currency	35	(9)
Cash and cash equivalents at the beginning of the year	916	118
Cash and cash equivalents acquired on merger (refer note 1.1)	2	-
<b>V CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,157</b>	<b>916</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>		
Balance with Banks:		
In current accounts	1,157	916
	<b>1,157</b>	<b>916</b>
Summary of significant accounting policies	2.1	

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

As per our report of even date

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 101049W

per Aditya Vikram Bhauwala  
Partner  
Membership No. 208382

Place: Bengaluru  
Date : 28 April 2015

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

Kiran Mazumdar Shaw  
Managing Director

M.B. Chinappa  
Chief Financial Officer

JMM Shaw  
Director

Peter Bains  
Director & Chief Executive Officer

Mayank Verma  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 1. Corporate information

Syngene International Limited ('Syngene' or 'the Company') was incorporated at Bangalore in 1993. On March 30, 2002, the Company became the subsidiary of Biocon Limited ('Biocon').

The Company is engaged in providing contract research and manufacturing services in early stage drug discovery and development to pharmaceutical and biotechnology companies worldwide. Syngene's services include discovery chemistry and biology services, toxicology, pharmaceutical development, process development /manufacture of advanced intermediates, active pharmaceutical ingredients and bio therapeutics. Pursuant to merger as discussed in note 1.1, the Company also undertakes clinical research activities on discovering new biomarkers and discovering new diseases subsets and novel data based on pharmacogenomics.

#### 1.1 Scheme of arrangement

On April 23, 2014, the Board of Directors of the Company approved a scheme of amalgamation ('the Scheme') of Clinigene International Limited ("Clinigene" / "Transferor Company"), a wholly owned subsidiary, with the Company under section 391 and 394 of the Companies Act, 1956. The Honourable High Court of Karnataka ('the Court') approved the aforesaid Scheme with Appointed Date as April 01, 2014 ("Appointed Date") vide its order dated February 5, 2015 ("the Order"). The copy of the Order was filed with the Registrar of Companies on March 2, 2015. Clinigene was Incorporated on August 4,2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31,2001. In February 2012, Syngene purchased the shares in Clinigene from Biocon.

Accordingly, the assets and liabilities, and balance in reserves and surplus of Clinigene as at Appointed Date have been recorded at their carrying values in the books of Syngene under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation ('AS 14').

A summary of the assets and liabilities of Clinigene as at April 1,2014 is as follows:

Particulars	₹ in Million Amount
<b>Non-current assets</b>	
Fixed assets	
Tangible assets	265
Capital work-in progress	1
Long term loans and advances	93
	<b>359</b>
<b>Current assets</b>	
Trade receivables	107
Cash and bank balances	3
Short term loans and advances	5
Other current assets	4
	<b>119</b>
<b>Total assets</b>	<b>478</b>
<b>Non-current liabilities</b>	
Long term borrowings	269
Other long-term liabilities	6
Long-term provisions	3
	<b>278</b>
<b>Current liabilities</b>	
Short-term borrowings	60

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

Particulars	₹ in Million
	Amount
Trade payables	62
Other current liabilities	59
Short-term provisions	15
	196
<b>Total liabilities</b>	<b>474</b>
General reserve	1
Statement of profit and loss	2
<b>Total reserves and surplus</b>	<b>3</b>

The Company held all the shares of the Transferor Company at the face value. Hence, no additional adjustment is required in the surplus in statement of profit and loss to give effect to accounting of merger. All intercompany balances/transactions between the Company and the Transferor Company have been eliminated on merger.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### 2.1 Summary of significant accounting policies

##### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### b. Tangible fixed assets and depreciation

Fixed assets are slated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met, the cost of replacing part of the fixed assets and directly attributable cost of bringing the asset to its working condition for the intended use. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated 09 August 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

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

Assets funded by third parties are capitalised at gross value and the funds so received are recorded as deferred revenue and amortised over the useful life of the assets/period of contract.

Till March 31, 2014, depreciation on fixed assets was calculated using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act 1956, whichever was higher. During the year ended March 31, 2015, pursuant to Companies Act, 2013 applicable from April 1, 2014, management evaluated the estimates of useful lives of its fixed assets as per the requirements of Schedule II of the Companies Act, 2013 and concluded that there is no change in the estimated useful lives. Hence, there is no impact on the financial statements in this regard.

The Company has determined the following useful lives to provide depreciation on its fixed assets on straight line basis:

Classes of Assets	Useful lives estimated by the management (years)	Useful lives stated in Schedule II (years)
Buildings	25	30
Plant and machinery	9	10-15
Computers and servers	3	3-6
Office equipment	3	5
Furniture and fixtures	6	10
Vehicles	6	8

Used assets acquired from third parties are depreciated on straight line basis over their remaining useful life of such assets.

### c. Intangible assets and amortisation of intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Computer Software which is not an integral part of the related hardware is classified as an intangible asset.

Intangible assets are amortised on a straight line basis over the estimated useful economic life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually. All other Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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

Computer Software is amortised over a period of five years, being its estimated useful life.

### d. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired, if any indication exists, or when annual impairment testing for an asset is required, the Company estimates asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an Individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use,

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### e. Inventories

Inventories comprising chemicals, reagents and consumables are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a first in first out basis.

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

Consumables in the nature of column are amortised over useful life estimated to be a period of 12 months from the date of issue for consumption.

### f. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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 for which separate invoices are raised, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer, and comprise amounts invoiced for compounds sold.

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### Dividends

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

### Interest Income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

### g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

On the disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### h. Retirement and other employee benefits

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the employees rendered the related service and the contributions to the government funds are due. The Company has no obligation, other than the contribution payable to the provident fund authorities.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer the settlement for 12 months after the reporting date.

### i. Foreign currency translation

#### Foreign currency transaction and balances

##### (a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### (b) Conversion

Foreign currency monetary items are retranslated using exchange rate prevailing at the reporting date. Non monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### (c) Exchange Differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- i. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised and depreciated over remaining useful life of the asset.
- ii. Exchange differences arising on other long term foreign currency monetary items are accumulated in "the Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
- iii. All other exchange differences are recognised as income or as expenses in the year in which they arise.

For the purpose of (i) and (ii) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

### (d) Forward exchange, contracts are entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contracts is amortised and recognised as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as Income or as expense for the period. Any gain/loss arising on forwards contracts which are long-term foreign currency monetary items is recognised in accordance with paragraph (c)(i) and (c)(ii) above.

### j. Income tax

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situation where the Company is entitled to a tax holiday under the Income-tax Act, 1961 no deferred tax (assets or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. For recognition of deferred taxes, the timing differences which originate first are considered to reverse. At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax can be realised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax relate to the same taxable entity and the same taxation authority.

Minimum Alternate tax (MAT) paid in a year is charged to the statement of the profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period-

### k. Borrowing cost

Borrowing cost includes interest, amortisation of ancillary cost incurred in connection with the arrangement of borrowings and exchange differences arising from short term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition and construction of a fixed asset which takes substantial period of time to get ready for its intended use are capitalised as a part of the cost of the asset, to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

### l. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

For the purpose of calculating Basic EPS, shares allotted to the ESOP Trust pursuant to the employee share based payment plan is not included in the shares outstanding till the employees have exercised their right to obtain shares, after fulfilling the requisite vesting conditions. Till such time, the shares so allotted are considered as dilutive potential equity shares for the purpose of calculating Diluted EPS.

### m. Employee stock compensation costs

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total Intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

### n. Operating lease

Where the Company is a Lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### o. Segment reporting

#### Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which the major operating divisions of the Company operate.

#### Inter-segment Transfers

The Company generally accounts for inter segment sales and transfers at current market prices.

#### Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### p. Provision

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

### q. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### r. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand.

### s. Derivative instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting of loss on the underlying hedged item, is ignored.

### t. Amalgamation accounting

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

- (i) All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.
- (ii) Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.
- (iii) The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional shares.
- (iv) The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.
- (v) The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

All other amalgamations are in the nature of purchase.

## 3. Share capital

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Authorised		
250,000,000 (March 31, 2014: 60,000,000) equity shares of ₹10/- each (March 31, 2014: ₹5/- each) Issued, subscribed and fully paid-up	2,500	300
200,000,000 (March 31, 2014: 54,166,667) equity shares of ₹10/- each (March 31, 2014: ₹5/- each)	2,000	270
Less : Amount Recoverable from Syngene Employees Welfare Trust		
937,500 (March 31, 2014: 1,875,000) equity shares of ₹10/- each (March 31, 2014: ₹5/- each) (refer note d & l, below and note 38 (b))	(9)	(9)
199,062,500 (March 31, 2014: 52,291,667) equity shares of ₹10/- each (March 31, 2014: ₹5/- each)	1,991	261

### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	As at March 31, 2015		As at March 31, 2014	
	No.	₹	No.	₹
<b>Equity shares</b>				
At the beginning of the year	5,41,66,667	270	5,41,66,667	270
Issued during the year (note e & k, below)	19,71,061	10	-	-
Decrease in number of shares on account of consolidation (note l below)	(2,80,68,864)	-	-	-
Issue of Bonus shares during the year (note n below)	17,19,31,136	1,720	-	-
At the end of the year	20,00,00,000	2,000	5,41,66,667	270
Less: Amount recoverable from Syngene Employee Welfare Trust [refer note 38(b)]	(9,37,500)	(9)	(18,75,000)	(9)
<b>Outstanding at the end of the year</b>	<b>19,90,62,500</b>	<b>1,991</b>	<b>5,22,91,667</b>	<b>261</b>

### b. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10/- (March 31, 2014: ₹5/-) per share. The Company declares and pays dividend in Indian Rupees. Each holder of equity shares is entitled to one vote per share. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2015, interim dividend distributed to equity shareholders was ₹21 (March 31, 2014 - ₹ Nil) per share on face value of ₹5/- each.

c. The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on October 31, 2012, approved increase in authorised share capital from 50,000,000 equity shares of ₹5/- each to 60,000,000 equity shares of ₹5/- each.

d. The Company allotted 1,875,000 equity shares on October 31, 2012 at the rate of ₹80 per share (Face Value : ₹5 per Share) to Syngene Employees Welfare Trust ('Trust') under section 81 (1A) of the Companies Act, 1956. [Refer Note 38 (b)].

e. The Board of Directors of the Company in the meeting held on September 12, 2014 approved allotment of 1,971,060 equity shares at the rate of ₹676.91 per share (Face value: ₹5 per share) on rights basis to Biocon Research Limited (a wholly owned subsidiary of Biocon Limited), in accordance with the provisions of section 62(1)(a) of the Companies Act, 2013.

### f. Details of Shares held by holding company and their subsidiaries

	As at March 31, 2015		As at March 31, 2014	
	No.	% holding *	No.	% holding *
Equity Shares of ₹10/- each (March 31, 2014: ₹5/- each) fully paid				
Biocon Limited	16,72,17,843	83.61%	4,74,97,525	87.69%
Biocon Research Limited	18,66,673	0.93%	-	-

\* Taking into consideration the equity shares allotted to the Trust

### g. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2015		As at March 31, 2014	
	No.	% holding *	No.	% holding *
Equity shares of ₹10 each (March 31, 2014: ₹5/- each) fully paid				
Biocon Limited (holding company)	16,72,17,843	83.61%	4,74,97,525	87.69%
GE Equity International Mauritius [refer note (i) below]	-	-	41,66,667	7.69%
IVF Trustee Company Private Limited (sole trustee of India Value Fund IV) [refer note (i), (j) and (o) below]	2,00,00,004	10.00%	-	-

\* Taking into consideration the equity shares allotted to the Trust

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### h. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

	As at March 31, 2015	As at March 31, 2014
Equity shares allotted as fully paid bonus shares by capitalisation of surplus in Statement of profit and loss *	4,17,50,000	4,17,50,000
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium #	17,19,31,136	-

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

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

i. The Board of Directors of the Company in the meeting held on September 10, 2014 approved the transfer of 4,166,667 equity shares (Face value: ₹5 per share) in the Company pursuant to the share purchase agreement dated September 9, 2014, executed between Biocon Research Limited, the Company and GE Equity International Mauritius

j. The Board of Directors of the Company in the meeting held on October 20, 2014 noted the execution of the share purchase agreement between Silver Leaf Oak (Mauritius) Limited ['Silver Leaf'], Biocon Research Limited ['BRL'] and the Company for transfer of 5,613,773 equity shares (Face value: ₹5 per share) in the Company by BRL to Silver Leaf. In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid 10% equity stake in the Company to IVF Trustee Company Private Limited ['IVF'], a fund advised by India Value Fund Advisors. Thereafter, BRL concluded such sale of Shares to IVF.

k. The Board of Directors of the Company in the meeting held on March 14, 2015 approved allotment of 1 equity share (Face value: ₹5 per share) at the rate of ₹676.91 on rights basis, in accordance with the provisions of section 62(1)(a) of the Companies Act, 2013.

l. The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on March 16, 2015, approved the consolidation (i.e. reverse share split) of 2 equity shares of face value of ₹5/- each into 1 equity share of face value of ₹10/- each. Subsequent to this, the authorised share capital of 60,000,000 equity shares of ₹5/- each consolidated to 30,000,000 equity shares of ₹10/- each.

m. The Shareholders' at the EGM of the Company held on March 16, 2015, approved increase in authorised share capital from ₹300 to ₹2,500. Subsequent to this, the authorised share capital increased from 30,000,000 equity shares of ₹10/- each to 250,000,000 equity shares of ₹10/- each

n. The Shareholders' at the EGM of the Company held on March 16, 2015, approved the issue of fully paid bonus shares of face value of ₹10/- each in the ratio of 1: 6.1253329 by capitalisation of Securities premium account.

o. Pursuant to a share purchase agreement dated March 31, 2015, IVF agreed to sell 20,000,000 equity shares (Face value: ₹10/- per share) in the Company to Silver Leaf. The Board of Directors of the Company recorded the transfer of shares to Silver Leaf on April 21, 2015.

### p. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer to note 38.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 4. Reserves and surplus

₹ in Million

	As at March 31, 2015	As at March 31, 2014
<b>Securities premium account</b>		
Balance as per the last financial statements	1,365	1,365
Add: Premium on issue of equity shares [refer note 3(e) and 3(k) above]	1,324	-
Less: Issue of bonus shares [refer note 3(n) above]	(1,720)	-
	969	1,365
Less: Amount recoverable from Syngene Employees Welfare Trust [Refer Note 3(d) and Note 38(b)]	(101)	(141)
Closing balance	868	1,224
<b>General Reserve</b>		
Balance as per the last financial statements	46	46
Balance as at April 1, 2014 of Transferor Company [refer note 1.1]	1	-
Closing balance	47	46
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	5,003	3,664
Balance as at April 1, 2014 of Transferor Company [refer note 1.1]	2	-
Profit for the year	1,750	1,339
Less: Appropriations		
Interim dividend on equity shares	(1,138)	-
Tax on Interim dividend	(193)	-
Net surplus in the statement of Profit and loss	5,424	5,003
<b>Employee stock options outstanding [refer note (i) below]</b>		
Gross employee stock compensation as per the last financial statements	259	-
Add : Gross compensation for options granted during the year	25	265
Less : Lapsed / forfeited during the year	(6)	(6)
	278	259
Less : Closing balance of deferred employee stock compensation cost	(159)	(200)
Closing balance	119	59
<b>Total reserves and surplus</b>	<b>6,458</b>	<b>6,332</b>
(i) Deferred Employee Stock Compensation Cost :		
Stock compensation cost outstanding at the beginning of the year	200	-
Stock options granted during the year	25	265
Stock options cancelled / forfeited during the year	(6)	(6)
Stock compensation cost amortised during the year	(60)	(56)
Stock compensation cost charged to Subsidiary during the year	-	(3)
Closing balance of deferred employee stock compensation cost	159	200



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 5. Long term borrowings

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
From Bank		
Buyer's credit loan (secured)	186	-
	186	-

- (i) The Company has obtained a foreign currency denominated long term secured buyer's credit loan of ₹186 (USD \$2.99Million) as of March 31, 2015 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.80%, net of withholding taxes. 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. The loan is repayable at end of 1079 days from the date of its origination.

### 6. Deferred tax liability (net)

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	100	88
Gross deferred tax liability	100	88
Deferred tax asset		
Employee retirement benefits expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	51	37
Gross deferred tax asset	51	37
Net deferred tax liability	49	51

The Company has units / operations in a Special Economic Zone (SEZ) which claim deduction of income under the provisions of the Income Tax Act, 1961. Deferred tax assets / liabilities are recognised in respect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

### 7. Other Long-term liabilities

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Deferred revenues [refer Note 13 (b)]	633	572
Deferred rent liability	14	11
	647	583

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 8. Long-term provisions

₹ in Million

	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits:		
Provision for gratuity (note 32)	132	58
	132	58

### 9. Short-term borrowings

₹ in Million

	As at March 31, 2015	As at March 31, 2014
From Banks		
Pre shipment credit (secured) [refer note (i) and (ii) below]	-	902
Bank Overdraft (secured) [refer note (v) below]	-	46
Pre shipment credit (unsecured) [refer note (iii) and (iv) below]	1,364	601
	1,364	1,549
The above amount includes		
Secured borrowings	-	948
Unsecured borrowings	1,364	601
	1,364	1,549

- (i) The Company had obtained foreign currency denominated short term secured pre-shipment credit loan of ₹301 (USD 5 Million) as of March 31, 2014 from The Bank of Nova Scotia that carried interest rate in the range of Libor + 0.50%, which was secured by a pari passu charge on the current assets and movable fixed assets of the Company. The loan was repayable at end of 6 months from the date of its origination and has been repaid during the year.
- (ii) The Company had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹601 (USD 10 Million) as of March 31, 2014 from The Hongkong and Shanghai Banking Corporation Limited that carried interest rate in the range of Libor + 0.20% to Libor + 0.50%, which were secured by a pari passu charge on the current assets and movable fixed assets of the Company. These loans were repayable at end of 6 months from the date of its origination and have been repaid during the year.
- (iii) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹810 (USD 13 Million) [March 31, 2014 - ₹601 (US\$ 10 Million)] from Yes Bank Limited that carries interest rate of Libor + 0.15% to Libor + 0.35%. The loans are repayable after the end of 6 months from the date of its origination.
- (iv) The Company has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹554 (USD 8.9 Million) [March 31, 2014 - ₹ Nil] from HDFC Bank Limited that carries interest rate of Libor + 0.42%. The loans are repayable after the end of 6 months from the date of its origination.
- (v) The Company has obtained overdraft facility from The Hongkong and Shanghai Banking Corporation Limited, which is secured by a pari passu charge on the current assets and movable fixed assets of the Company. The interest on the loan are linked to the Bank's Prime Lending Rate, which are floating in nature.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 10. Trade payables

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Trade payables	692	766
(Refer note below for details of dues to micro and small enterprise)		
	692	766
(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	5	14
- 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	-	-
Amounts of the payment made to the supplier beyond the appointed day during each accounting year	44	50
(iii) Interest due and payable for the period of delay in making payment during the year	1	1
(iv) Interest accrued and remaining unpaid at the end of the year	-	-
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	-	-

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 / suppliers.

### 11. Other current liabilities

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Payable for capital goods	137	134
Advances from customers	2,188	1,932
Balance in current account with bank representing book overdraft	90	-
Deferred revenues [refer note 13 (b)]	144	119
Others		
-Statutory dues [refer note (a) below]	43	27
	2,602	2,212

Note (a) : Statutory dues include Tax Deducted at Source, Service tax, Provident Fund, Employee State Insurance and Profession Tax payable at year end.

**NOTES TO THE FINANCIAL STATEMENTS** FOR THE YEAR ENDED MARCH 31, 2015

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

**12. Short-term provisions**

₹ in Million

	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits:		
Provision for leave encashment	63	50
Provision for gratuity (note 32)	-	39
Provision for Income tax, net of advance tax	31	8
	94	97

**13. Tangible assets**

₹ in Million

	Land	Buildings	Plant and Equipment	Office Equipments	Furniture and Fixtures	Vehicles	Total
<b>Cost</b>							
At April 01, 2013	-	1,082	5,233	50	68	5	6,438
Additions	-	54	739	7	15	-	815
Disposals	-	-	54	-	-	-	54
At March 31, 2014	-	1,136	5,918	57	83	5	7,199
Additions pursuant to merger [refer note 1.1]	42	130	320	6	43	2	543
Additions	-	244	1,294	5	23	6	1,572
Disposals	-	-	3	-	-	-	3
At March 31, 2015	42	1,510	7,529	68	149	13	9,311
<b>Depreciation</b>							
At April 01, 2013	-	199	2,336	46	46	1	2,628
Charge for the year	-	45	598	3	8	2	656
Disposals	-	-	26	-	-	-	26
At March 31, 2014	-	244	2,908	49	54	3	3,258
Arising pursuant to merger [refer note 1.1]	-	39	190	5	42	2	278
Charge for the year	-	57	727	5	12	1	802
Disposals	-	-	3	-	-	-	3
At March 31, 2015	-	340	3,822	59	108	6	4,335
<b>Net Block</b>							
At March 31, 2014	-	892	3,010	8	29	2	3,941
At March 31, 2015	42	1,170	3,707	9	41	7	4,976

**Notes:**

- (a) The Company has entered into agreements with customers, which grant the customers an option to purchase fixed assets with gross block of ₹2,818 (March 31, 2014- ₹2,366) as at March 31, 2015 relating to particular projects, upon satisfaction of certain terms and conditions. The consideration would be as per the terms of the agreement, subject to amounts already funded / contributed by the customer.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

- (b) Additions to fixed assets during the year ended March 31, 2015, include assets of ₹215 (March 31, 2014 - ₹238) which have been funded by the customers. The Company has capitalised and depreciated the gross cost of these assets. The funding received from the customer is reflected as Deferred revenues in note 7 and note 11 and the same is recognised as other operating revenue on a systematic basis over the useful life of the asset / period of contract. Cumulative amount of such funded assets as at March 31, 2015 - ₹1,245 (March 31, 2014 - ₹1,030) (gross block).
- (c) Plant and equipment includes computers.
- (d) Buildings with a cost of ₹1,379 (March 31, 2014 - ₹1,136) have been constructed on leasehold land obtained by the Company on an operating lease basis from Biocon Limited.

### 14. Intangible assets

	₹ in Million	
	Software	Total
<b>Cost</b>		
At April 01, 2013	-	-
Additions	-	-
Disposals	-	-
At March 31, 2014	-	-
Additions	69	69
Disposals	-	-
At March 31, 2015	69	69
<b>Amortisation</b>		
At April 01, 2013	-	-
Charge for the year	-	-
Disposals	-	-
At March 31, 2014	-	-
Charge for the year	12	12
Disposals	-	-
At March 31, 2015	12	12
<b>Net Block</b>		
At March 31, 2014	-	-
At March 31, 2015	57	57

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 15. Non-current Investments

₹ in Million

	As at March 31, 2015	As at March 31, 2014
Trade Investments - Unquoted Equity Instruments		
In subsidiary company (valued at cost, unless otherwise stated)		
Nil (March 31, 2014 : 50,000) equity shares of ₹10 each fully paid-up in Clinigene International Limited. [Refer note 1.1]	-	1
	-	1

### 16. Long Term Loans & Advances (Unsecured, considered Good)

₹ in Million

	As at March 31, 2015	As at March 31, 2014
Loan to Subsidiary [refer note(a) below]	-	269
Capital Advances	131	10
Deposits	13	9
Prepaid expenses	8	2
Balances with statutory / government authorities	78	58
Advance income-tax, net of provision	398	298
Fringe Benefit tax, net of provision	1	1
MAT Credit entitlement	513	384
	1,142	1,031
(a) Loan to Related Party (Subsidiary Company) [refer note 1.1]:		
Clinigene International Limited	-	269
Maximum amount outstanding during the year	-	284

### 17. Other Non Current assets

₹ in Million

	As at March 31, 2015	As at March 31, 2014
Unamortised premium on foreign exchange forward / option contracts	1,131	143
	1,131	143

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 18. Current investments - [valued at lower of cost and fair market value, unless stated otherwise]

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
<b>Investments In Mutual Funds (unquoted, fully paid up) (Non trade)</b>		
Nil units (March 31, 2014: 706,584 units) of ₹100 each in	-	71
Birla Sun Life Savings Fund - Daily Dividend - Direct Plan		
2,521,502 - units (March 31, 2014: Nil units) of ₹100 each in	253	-
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan - Daily Dividend		
93,857 units (March 31, 2014: 6,746,819 units) of ₹100 each in	9	676
Birla Sun Life Cash Plus - Daily Dividend- Direct Plan		
748,871 units (March 31, 2014: Nil units) of ₹100 each in	75	-
Birla Sun Life Cash Plus - Daily Dividend		
Nil units (March 31, 2014: 7,073,823 units) of ₹100 each in	-	708
ICICI Prudential Liquid - Direct Plan - Daily Dividend.		
699,774 units (March 31, 2014: Nil units) of ₹100 each in	70	-
ICICI Prudential Liquid - Regular Plan - Daily Dividend.		
Nil units (March 31, 2014: 670,672 units) of ₹106 each in	-	71
ICICI Prudential Flexible Income - Direct Plan - Daily Dividend.		
2,391,423 units (March 31, 2014: Nil Units ) of ₹106 each in	253	-
ICICI Prudential Flexible Income - Regular Plan - Daily Dividend.		
Nil units (March 31, 2014: 4,999,850 Units ) of ₹10 each in	-	50
ICICI Prudential Interval Fund II Quarterly Interval Plan D - Direct Plan		
Nil units (March 31, 2014: 8,601,620 units) of ₹10 each in	-	86
JP Morgan India Liquid Fund - Direct Plan - Daily Dividend - Reinvestment		
4,033,108 units (March 31, 2014: Nil units) of ₹10 each in	40	-
JP Morgan Liquid Fund - Daily Dividend		
Nil units (March 31, 2014: 605,098 units) of ₹1115 each in	-	674
TATA Liquid Fund Direct Plan - Daily Dividend		
82,653 units (March 31, 2014: Nil units) of ₹1115 each in	92	-
TATA Liquid Fund Plan A - Daily Dividend		
125,068 units (March 31, 2014: Nil units) of ₹1003 each in	126	-
TATA Floater Fund Plan A - Daily Dividend		
1,013,825 units (March 31, 2014: 59,693,290 units) of ₹10 each in	10	609
HDFC Liquid Fund - Direct Plan -Daily Dividend		
266,017 units (March 31, 2014: Nil units) of ₹10 each in	3	-
HDFC Liquid Fund - Regular Plan -Daily Dividend		
14,034,587 units (March 31, 2014: Nil units) of ₹10 each in HDFC Floating	142	-
Rate Income Fund -Short Term -Whole Sale Plan - Dividend Reinvestment		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 18. Current investments - [valued at lower of cost and fair market value, unless stated otherwise] (contd.)

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
18,308 units (March 31, 2014: 222,918 units) of ₹1223 each in Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend	22	272
99,734 units (March 31, 2014: Nil units) of ₹1223 each in Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend	122	-
Nil units (March 31, 2014: 198,173 units) of ₹1529 each in Reliance Liquid Fund - Treasury Plan - Direct Plan Daily Dividend Option	-	303
125,892 units (March 31, 2014: Nil units) of ₹1529 each in Reliance Liquid Fund - Regular Plan - Daily Dividend	193	-
45,147 units (March 31, 2014: Nil units) of ₹1114 each in Reliance Liquid Fund - Cash Plan - Daily Dividend	50	-
<b>Aggregate amount of unquoted investments</b>	<b>1,460</b>	<b>3,520</b>

### 19. Inventories (valued at lower of cost and net realisable value)

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Chemicals, reagents and consumables	239	107
Work-in-progress	119	42
Finished goods	26	-
	<b>384</b>	<b>149</b>

### 20. Trade Receivables (unsecured)

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Considered Good	32	8
Doubtful	5	10
	37	18
Less: Provision for doubtful receivables	5	10
	32	8
Other receivables, considered good	1,767	935
	<b>1,799</b>	<b>943</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 21. Cash and bank balances

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Cash and Cash equivalents		
Balances with banks:		
on current accounts	1,157	916
	1,157	916

### 22. Short term Loans and advances (unsecured, considered good)

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Advances recoverable in cash or in kind or for value to be received	55	155
Prepaid expenses	49	20
Balances with statutory / government authorities	234	94
	338	269

### 23. Other current assets

	₹ in Million	
	As at March 31, 2015	As at March 31, 2014
Unbilled revenues	189	400
Unamortised premium on foreign exchange forward / Option contracts	531	143
	720	543

### 24. Revenue from operations

	₹ in Million	
	Year ended March 31, 2015	Year ended March 31, 2014
Sale of Services:		
Contract research and manufacturing services income	8,427	6,871
Other operating revenues		
Scrap sales	15	12
Other operating income [see note 13 (b)]	157	112
	8,599	6,995

### 25. Other income

	₹ in Million	
	Year ended March 31, 2015	Year ended March 31, 2014
Interest income from Loan to Subsidiary (refer note 1.1)	-	29
Dividend income on current investments (non trade)	99	47
Miscellaneous Income	18	6
	117	82

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 26. Cost of chemicals, reagents and consumables consumed

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
Inventory at the beginning of the year	107	121
Add : Purchases	2,625	1,884
	2,732	2,005
Less: Inventory at the end of the year	239	107
	2,493	1,898

Also refer note 33 (a)

### 27. (Increase)/decrease in inventories

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
Inventories at the beginning of the year:		
Work-in-progress	42	58
	42	58
Inventories at the end of the year:		
Work-in-progress	119	42
Finished Goods	26	-
	145	42
	(103)	16

### 28. Employee benefit expenses

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages and bonus	1,774	1,351
Contribution to provident fund and other funds	81	56
Gratuity expenses (refer note 32)	29	36
Employee stock compensation expense (refer note 38)	60	56
Staff welfare expenses	75	57
	2,019	1,556

### 29. Other expenses

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
Rent [refer note (b) below]	49	51
Communication expenses	11	20
Travelling and conveyance	108	84
Professional charges	131	109
Directors' fees	13	2

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

	₹ in Million	
	Year ended March 31, 2015	Year ended March 31, 2014
Payments to auditors [refer note (a) below]	5	3
Power and fuel	275	234
Facility Charges	104	106
Insurance	22	16
Rates and taxes	26	11
Repairs and maintenance		
Plant and machinery	131	87
Buildings	36	5
Others	47	66
Selling expenses		
Freight outwards and clearing charges	18	15
Sales promotion expenses	14	11
Commission	6	-
Foreign Exchange difference (net)	160	459
Provision for doubtful receivables	2	10
Printing and stationery	8	11
Other clinical trial expenses	66	-
Contribution towards CSR	22	-
Miscellaneous expenses	125	90
	<b>1,379</b>	<b>1,390</b>
(a) Payments to auditors:		
As an auditor:		
Audit fee	2.6	1.4
Tax audit fee	0.5	0.3
In other capacity:		
Other services (certification fees)	0.3	0.4
Reimbursement of expenses	1.2	0.5
	<b>4.6</b>	<b>2.6</b>
(b) Rent includes ₹ Nil (March 31, 2014 : ₹9) pertaining to prior year.		

### 30. Finance Costs

	₹ in Million	
	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense	11	2
Bank charges	3	2
Exchange difference to the extent considered as an adjustment to borrowing cost	65	-
	<b>79</b>	<b>4</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 31. Related party transactions

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

₹ in Million

Sl No	Name of the related party	Relationship	Description	Year ended March 31, 2015 Expenses / (Income) / Other transactions	Balance as at March 31, 2015 Payable / (Receivable)	Year ended March 31, 2014 Expenses / (Income) / Other transactions	Balance as at March 31, 2014 Payable / (Receivable)
(a)	Biocon Limited	Holding Company	Rent expense	43	-	47	-
			Other expenses	51	-	12	-
			Purchase of goods	5	-	10	-
			Software license fee reimbursed	-	-	5	-
			Power and facility charges [Note (ii)]	382	-	342	-
			Trade payable	-	136	-	232
			Rent deposit paid	-	(2)	-	(2)
			Sale of services	(99)	(28)	(36)	(43)
			Advance from Customers	-	17	-	-
			Deferred rent liability	-	14	-	11
			Interim dividend	997	-	-	-
			Issue of Bonus shares 145,469,080 equity shares of ₹10/- each	1,455	-	-	-
(b)	Clinigene International Limited	Subsidiary Company	Services received	-	-	26	13
	(refer note (iv) below)		Other expenses cross charged	-	-	-	- *
			Interest income	-	-	(29)	(3)
			ESOP compensation expense cross charged	-	-	(3)	-
			Loan granted	-	-	(34)	(269)
			Sale of services	-	-	(3)	- *
(c)	Biocon Research Limited	Subsidiary of Biocon Limited	Sale of services	(89)	(20)	(31)	(13)
			Advance from Customers	-	9	-	-
			Issue of equity shares	1,334	-	-	-
			Interim dividend	88	-	-	-
			Issue of Bonus shares 1,604,696 equity shares of ₹10/- each	16	-	-	-
(d)	Biocon SA	Subsidiary of Biocon Limited	Sale of services	(14)	(10)	-	-
(e)	Syngene Employee Welfare Trust	ESOP Trust	Loan Recovery / (granted) (refer note 38)	40	(110)	-	(150)
			Interim dividend	40	-	-	-
			Issue of Bonus shares 5,742,500 equity shares of ₹10/- each	57	-	-	-
(f)	Biocon Foundation	Trust #	Contributions towards CSR	22	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 31. Related party transactions (contd.)

₹ in Million

Sl No	Name of the related party	Relationship	Description	Year ended March 31, 2015 Expenses / (Income) / Other transactions	Balance as at March 31, 2015 Payable / (Receivable)	Year ended March 31, 2014 Expenses / (Income) / Other transactions	Balance as at March 31, 2014 Payable / (Receivable)
(g)	Remuneration to key managerial personnel						
	Peter Bains	Director and Chief Executive Officer	Salary and perquisites	4	4	-	-
	(refer note (v) and (vi) below)						
	M.B. Chinappa	Chief Financial Officer	Salary and perquisites	26	-	-	-
	(refer note (vi) and (vii) below)		ESOP Cost	9	-		
	Mayank Verma	Company Secretary	Salary and perquisites	2	-	-	-
	(refer note (vi) and (vii) below)		ESOP Cost	- *	-	-	-

\* Less than ₹1 million.

# Trust in which Kiran Mazumdar Shaw is a Managing Trustee

- (i) Biocon Limited has given corporate guarantees of ₹242 (March 31, 2014 - ₹218) to the Customs and Excise Department ('CED') on behalf of the Company and the Company has furnished a corporate guarantee of ₹500 (March 31, 2014 - ₹465) on behalf of Biocon to the CED.
- (ii) Effective from October 1, 2006, the Company has entered into an arrangement for lease of land on an operating lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of ₹104 (Year ended March 31, 2014- ₹106) and power charges (including other charges) of ₹278 (Year ended March 31, 2014 - ₹236) have been charged by Biocon Limited for the year ended March 31, 2015.
- (iii) Fellow subsidiary companies with whom the Company did not have any transactions - Biocon Sdn.Bhd, Malaysia, a subsidiary of Biocon Limited  
Biocon Pharma Limited, a subsidiary of Biocon Limited  
NeoBiocon FZ LLC, a subsidiary of Biocon Limited  
Biocon Academy, a subsidiary of Biocon Limited
- (iv) During the year ended March 31, 2015, Clinigene International Limited merged with Syngene International Limited. Refer note 1.1.
- (v) Peter Bains has been appointed as Director and Chief Executive Officer in the Meeting of Board dated January 21, 2015 and approved by the shareholders on February 12, 2015. The appointment is effective from February 2, 2015.
- (vi) 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.
- (vii) The disclosure of remuneration to the Chief Financial Officer and Company Secretary has been made in the current year pursuant to the requirement under the Companies Act, 2013.
- (viii) Biocon Limited has guaranteed the pre-shipment credit loan facility provided to Clinigene International Limited from HDFC Bank Limited. There is no outstanding loan from HDFC Bank Limited as at March 31, 2015 against such facility.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 32. Employee Benefit Plans

The Company has defined benefit gratuity plan as per Payment of Gratuity Act, 1972

A Summary of the gratuity plan is as follows:

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Fund balance</b>		
Defined benefit obligation	140	106
Fair value of plan assets	(8)	(9)
Plan Liability	132	97
The change in present value of the defined benefit obligation and funded status of the gratuity plan for the year ended March 31, 2015 and the year ended March 31, 2014 is as follows:		
<b>Change in benefit obligation</b>		
Benefit obligation at the beginning of the year	106	72
Benefit obligation pursuant to merger (refer note 1.1)	7	-
Current Service cost	17	13
Past Service cost	-	-
Interest cost	9	6
Benefits paid	(3)	(3)
Actuarial (gain) / loss on obligation	4	18
<b>Defined benefit obligation at the end of the year</b>	<b>140</b>	<b>106</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	9	11
Fair value of plan assets pursuant to merger (refer note 1.1)	1	-
Expected return on plan assets	1	1
Actuarial gain / (loss)	-	-
Actual contribution	-	-
Benefits paid	(3)	(3)
<b>Fair value of plan assets at end of year</b>	<b>8</b>	<b>9</b>
The Company expects to contribute ₹ Nil to Gratuity Fund in next 12 months (March 31, 2014 - ₹39)		
<b>Net gratuity cost for the year are as follows:</b>		
Components of net benefit cost		
Current Service cost	17	13
Past Service cost	-	-
Interest cost	9	6
Expected return on plan assets	(1)	(1)
Net actuarial (gain) / loss recognised during the year	4	18
<b>Net gratuity cost</b>	<b>29</b>	<b>36</b>
Actual return on plan assets	1	1

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 32. Employee Benefit Plans (contd.)

₹ in Million

Experience adjustment	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	140	106	72	53	40
Plan assets	8	9	11	14	16
Surplus/(Deficit)	(132)	(97)	(61)	(39)	(24)
Experience adjustments on plan liabilities gain/(loss)	(7)	(8)	4	(9)	(2)
Experience adjustments on plan assets gain/(loss)	-	-	-	-	(1)

The principal assumptions used in determining the gratuity plan is shown below:

	March 31, 2015	March 31, 2014
Discount rate	7.93%	8.75%
Expected return on plan assets	7.93%	8.70%
Salary increase	9.00%	9.50%
Attrition rate upto age 44	26.00%	18.00%
Attrition rate above age 44	7.00%	5.00%

The Company evaluates these assumptions based on its long term plans of growth and industry standards. The nature of assets allocation of the Fund is only in debt based mutual funds of high credit rating.

### 33. Supplementary profit and loss data

#### a. Consumption of chemicals, reagents and consumables\*

	Year ended March 31, 2015		Year ended March 31, 2014	
	Per cent	Amount	Per cent	Amount
Imported	44	1,102	43	821
Indigenous	56	1,391	57	1,077
		2,493		1,898

\*Due to numerous items classified thereunder, it is not practical to provide details of consumption of individual items.

₹ in Million

	March 31, 2015	March 31, 2014
<b>b . Value of imports on CIF basis</b>		
Chemicals, reagents and consumables	1,195	819
Capital goods	943	540
	2,138	1,359

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 33. Supplementary profit and loss data (contd.)

₹ in Million

	March 31, 2015	March 31, 2014
<b>c. Expenditure in foreign currency (on accrual basis)</b>		
Professional Charges	57	38
Repairs & Maintenance	104	29
Travel	11	10
Interest expense	11	2
Others	86	80
	269	159
<b>d. Earnings in foreign exchange</b>		
Contract research and manufacturing services	8,014	6,736
Other operating income	154	112
	8,168	6,848

### 34. Capital and other commitments

₹ in Million

	March 31, 2015	March 31, 2014
<b>(a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1,412	474
<b>(b) Operating lease commitments</b>		
<b>(i) Rent</b>		
The Company has entered into lease agreements for use of land and buildings which expires over a period ranging upto 2022. Gross rental expenses for the year aggregate to ₹49 (March 31, 2014 - ₹51). Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	49	25
Later than one year and not later than five years	181	116
Later than five years	85	86
<b>(ii) Vehicles</b>		
The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto May 2018. Gross rental expenses for the year aggregate to ₹2 (March 31, 2014 - ₹2). Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	1	1
Later than one year and not later than five years	2	1
Later than five years	-	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 35. Derivative Instruments

The Company has entered into foreign exchange forward contracts and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31, 2015 and March 31, 2014, the Company has the following outstanding contracts (in million):

	March 31, 2015	March 31, 2014
In respect of highly probable forecasted sales / collections (in million):		
Foreign exchange forward contracts with periodical maturity dates upto January 2017	USD 12 (INR 762)	USD 22 (INR 1,323)
European style option contracts with periodical maturity dates upto January 2020	USD 341 (INR 21,223)	USD 135 (INR 8,109)

Unhedged foreign currency exposure as at the balance sheet date is as given below (₹)

	March 31, 2015	March 31, 2014
Balances with banks - In Current Account	1,143	911
Receivables (including unbilled revenue and advances recoverable)	1,971	1,372
Trade payables and payable for capital goods	203	130
Advance from Customers	2,130	1,906
Secured Loans	186	902
Unsecured Loans	1,364	601

### 36. Contingent liabilities

(a) The Company has given corporate guarantees in favour of the Customs and Excise department ('CED') in respect of certain performance obligations of Biocon aggregating to ₹500 (March 31, 2014- ₹465). The necessary terms and conditions have been complied with and no liability has arisen till date. Biocon has given corporate guarantees of ₹242 (March 31, 2014 - ₹218) to the Customs and Excise department ('CED') on behalf of the Company.

(b) Litigation

	March 31, 2015	March 31, 2014
i) Taxation matters under appeal	1,045	1,045
Income tax demand from the tax authorities for payment of tax, based on assessment orders issued for which the Company has gone on appeal. The tax demand is mainly on account of denial of relief under section 10B of the Income-tax Act, 1961 and denial of relief under section 10AA of the Income-tax Act, 1961. The matter is pending final assessments / conclusion of appeals.		
The Company is contesting the demands and the management is confident that its position will be upheld in the appellate process. Accordingly, no tax expense has been accrued in the financial statements for the demand raised.		
ii) Service Tax matters	57	-
iii) VAT matters under appeal	1	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 37. Segmental Information

#### Business segments

The Company is engaged in a single business segment of providing contract research and manufacturing services.

#### Geographical segments

Secondary segmental reporting is performed on the basis of geographical location of customers. The management views the Indian and export markets as distinct geographical segments. The following is the distribution of the Company's revenues by geographical markets.

₹ in Million

	Year ended March 31, 2015	Year ended March 31, 2014
Contract research and manufacturing services income		
India	413	192
Outside India	8,014	6,679
<b>Total</b>	<b>8,427</b>	<b>6,871</b>

₹ in Million

	As at March 31, 2015	As at March 31, 2014
Carrying amount of segment assets.		
India	12,244	10,537
Outside India	1,971	1,372
<b>Total</b>	<b>14,215</b>	<b>11,909</b>

Note: All fixed assets of the Company are located in India.

### 38. Employee Stock Incentive Plan

(a) Selected employees of the Company were granted stock options of Biocon Limited ('Biocon'), the holding company based upon performance, criticality to business and long-term potential to the Company. The options vest rateably over a period of 4 years. The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The management is of the opinion that the schemes detailed above are managed and administered by Biocon for its own benefit and do not have any settlement obligations on the Company. Further the aforesaid schemes pertain to shares of Biocon. The compensation benefits in respect of such schemes is paid by the Company based on the cross charge from Biocon. Accordingly, the Company is of the opinion that there is no further accounting treatment/ disclosure required under the said Guidance Note.

#### (b) 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 and subsidiary company. The Board of Directors has approved the employee stock option plan of the Company. On October 31, 2012 the Trust subscribed 1,875,000 equity shares (Face Value of ₹5 per share) of the Company using the proceeds from interest free loan of ₹150 obtained from the Company. The loan granted and receivable from the Trust has been adjusted in the shareholders' funds as per the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India. Also refer note 3 and 4 above. As at March 31, 2015, the Trust holds 6,680,000 equity shares of face value : ₹10/- each, adjusted for the consolidation of shares and bonus issue.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 38. Employee Stock Incentive Plan (contd.)

#### 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 grades of the employees. These options are exercisable at an exercise price of ₹80/- per share (Face Value of ₹5 per share).

#### Details of Grant

Particulars	March 31, 2015		March 31, 2014	
	No. of options	WAEP * (In ₹)	No. of options	WAEP* (In ₹)
Grant I				
Outstanding at the beginning of the year	15,80,340	80	-	-
Granted during the year	59,700	80	16,15,090	80
Forfeited during the year	2,20,540	80	34,750	80
Exercised during the year	-	-	-	-
Outstanding at the end of the year	14,19,500	80	15,80,340	80
Decrease in Number of options as a result of consolidation of shares [refer note 3(l)]	(7,09,750)	-	-	-
Increase in Number of options as a result of Bonus issue [refer note 3(n)]	43,47,350	-	-	-
Outstanding at the end of the year as adjusted	50,57,100	22.5#	15,80,340	80
Exercisable at the end of the year	-	-	-	-
Weighted average fair market value of shares granted (In ₹)		140#		244

The weighted average fair value of the Company's options granted during the year ended March 31, 2015 is in the range of ₹125 # - ₹128 # (face value of ₹10/- each) [March 31, 2014 - ₹186 - ₹198 (face value of ₹5/- each)] per option, under Black Scholes Model.

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

Particulars	March 31, 2015	March 31, 2014
Dividend yield (%)	-	-
Exercise Price (In ₹)	22.5 #	80
Volatility	50.4 % - 53.3 %	40.9 % - 47.6 %
Life of the options granted (vesting and exercise period)	6.15 years	6.15 years
Average risk-free interest rate	8.57 % - 8.59 %	8.7 % - 8.8 %

\* Weighted Average Exercise Price

# Adjusted for matters discussed in note 3(l) & 3(n)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 38. Employee Stock Incentive Plan (contd.)

Since the Company uses the intrinsic value method for determination of the employee stock compensation expense, the impact on the reported net profit and profit per share under the fair value approach on a proforma basis, is as given below :

Particulars	March 31, 2015	March 31, 2014
Profit for the year	1,750	1,339
Add: Employee stock compensation under intrinsic value	60	56
Less: Employee stock compensation under fair value	65	49
Proforma Profit for the year	1,745	1,346
Earnings per equity share - Basic [See note 39 below]		
- As reported (in ₹)	9.20	7.19
- Proforma (in ₹)	9.18	7.23
Earnings per equity share - Diluted [See note 39 below]		
- As reported (in ₹)	8.89	6.94
- Proforma (in ₹)	8.86	6.97

### 39. Reconciliation of basic and dilutive shares used in computing earnings per share

Particulars	March 31, 2015 (In Nos.)	March 31, 2014 (In Nos.)
Equity Shares outstanding as at the end of the year	19,33,20,000	5,22,91,667
Less: Adjusted as a result of consolidation of shares [refer note 3(l)]	-	(2,61,45,833)
	19,33,20,000	2,61,45,834
Add: Adjusted as a result of Issue of bonus equity shares [refer note 3(n)]	-	16,01,51,937
Equity shares outstanding as at the end of the year	19,33,20,000	18,62,97,771
Weighted average number of Equity Shares used as denominator for calculating Basic Earnings Per Share	19,01,64,803	18,62,97,771
Add: Diluted number of Equity Shares		
Equity shares granted to the ESOP Trust	66,80,000	18,75,000
Less: Adjusted as a result of consolidation of shares [refer note 3(l)]	-	(9,37,500)
	66,80,000	9,37,500
Add: Adjusted as a result of Issue of bonus equity shares [refer note 3(n)]	-	57,42,500
	66,80,000	66,80,000
Weighted average number of Equity Shares used as denominator for calculating Diluted Earnings Per Share	19,68,44,803	19,29,77,771
Nominal Value per Equity Share [refer note 3(l)]	₹10/-	₹10/-

The number of Equity shares outstanding for the previous year is adjusted for events of consolidation of shares and increase as a result of Bonus issue in accordance with Accounting Standard (AS) 20 - Earnings Per Share. Also refer note 3.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

### 40.

During the year ended March 31, 2015, the Company identified a) certain discrepancies in the list of allottees in the e-form filed with Registrar of Companies (ROC) dated April 24, 2012 in respect of Bonus shares allotted on February 28, 2012 and b) that the explanatory statement in respect of notice for EGM held on December 14, 2011 for preferential issue of 625,000 shares of Face Value of ₹5/- each did not contain certain information as required under Rule 6 of Unlisted Public Companies (Preferential Allotment) Rules, 2003.

Accordingly, the Company has made an application for Compounding of offences with the ROC. Based on the legal advice received, the Company is confident that the penalty, if any, levied by the ROC, will not be material to the financial statements and hence no provision for penalty has been made in the financial statements.

### 41. Prior years' comparatives

The current period financial information include the state of affairs and operations of the Transferor Company, as described in note 1.1 above. Hence, the current period's figures are strictly not comparable with the previous year's figures. The Company has reclassified and regrouped the previous year figures to confirm to current period's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP  
Chartered Accountants  
ICAI Firm Registration No. 101049W

per Aditya Vikram Bhauwala  
Partner  
Membership No. 208382

Place: Bengaluru  
Date : 28 April 2015

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

Kiran Mazumdar Shaw  
Managing Director

M.B. Chinappa  
Chief Financial Officer

JMM Shaw  
Director

Peter Bains  
Director & Chief Executive Officer

Mayank Verma  
Company Secretary

# Syngene

 A **Biocon** company

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