

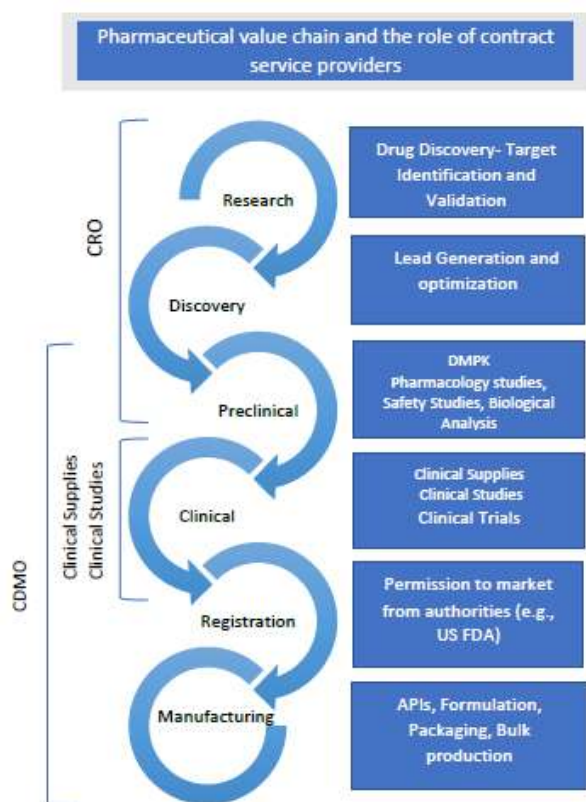
Management Discussion and Analysis

Syngene Overview

Syngene is a contract research, development, and manufacturing services company that offers a broad range of scientific services from the earliest stages of discovery to commercial supplies. This makes the Company a one-stop solution provider in the segment. Syngene is a partner of choice for biopharmaceutical and pharmaceutical companies looking for integrated drug discovery services due to its extensive technology capabilities and profound scientific understanding. While most of the research work is focused on the pharmaceutical industry, the company also collaborates with businesses in nutrition, animal health, consumer products, and specialty chemical industries. The Company partners with more than 400 clients located mainly across the United States, Europe and the UK.

The drug discovery value chain and Syngene's role as a service provider (CRO and CDMO)

Syngene provides end-to-end services within the Contract Research Organization (CRO) and a growing range of services within the Contract Development and Manufacturing Organization (CDMO).



Within the CRO the Company offers discovery services and a dedicated centre model in which facilities are designed and ring-fenced to meet a client's exclusive requirements. In Discovery Services, we provide end to end services from target selection and high throughput screening to drug candidate delivery for development.

The Dedicated Centres house multi-disciplinary scientific teams and support personnel with infrastructure tailor-made to meet the client specifications.

In CDMO, the Development Services division delivers services required for clinical supplies to support clinical trial programs of clients, and provides clinical studies relating to safety, efficacy, and tolerability of the chosen drug candidates. Our modern, high-performance manufacturing plants for large and small molecules, combined with our expertise in managing products from the early stages of development through to commercial-scale manufacturing, make us an attractive partner for clients seeking a reliable single provider of services to progress their product to market.

The Company offers different collaboration models ranging from long-term relationships with dedicated R&D centres to Full-Time Equivalent (FTE) and Fee-for-Service (FFS) arrangements.

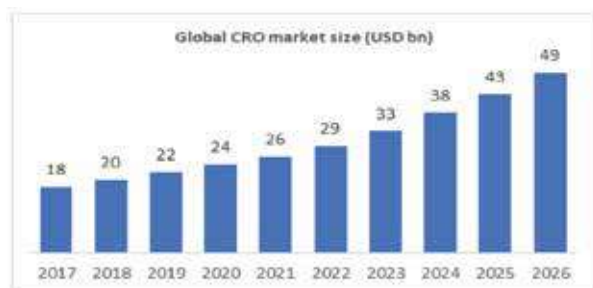
Contract Research Organizations (CRO)

Contract Research Organizations (CROs) provide Research and Development services to the pharmaceutical, biotechnology, medical device, and other industries in the form of services outsourced on a contract basis

From basic research to late-stage development, a wide range of activities are outsourced to CROs, including assay development, target validation, lead optimization, genetic engineering, hit exploration, and safety and efficacy tests in human trials in addition to animal models. The contract research industry has experienced rapid growth over the past decade with the pharmaceutical industry continuing to invest heavily in R&D, with a focus on developing innovative therapies to address unmet medical needs. In addition, the industry is facing increasing pressure to reduce the time and costs associated with drug development and, as a result, many companies are exploring new approaches to R&D, including the use of digital technologies and collaborations with external partners.

(i) Contract Research Services - market size and attributes

The global CRO market size was valued at USD 29 bn in 2022 and is expected to expand at a CAGR of 14% to USD 49 bn in 2026¹. The growth of the CRO market is driven by factors such as increasing R&D activities in the pharmaceutical and biotechnology industries, rising demand for outsourcing activities, and a growing trend in strategic partnerships and collaborations.



¹Frost & Sullivan Global Pharmaceutical CRO Market Size

(ii) Key industry trends

In the current economic environment, the large pharmaceutical companies are facing pricing pressure and inflation challenges. As such companies look to optimize their R&D budgets and restructure their costs, increasing the outsourcing of R&D activities offers an effective response to manage challenges. The emerging biopharma (EBP) companies' share of the drug molecule pipeline has been increasing and leading to a faster growth in the R&D spending of the EBPs compared to that of large pharmaceutical companies. However, the funding of biopharma companies has slowed in 2022 compared to 2020-2021, although it is above the 2019-2020 levels. While the funding is expected to last for multiple years, the slowdown in funding is likely to drive the prioritisation of R&D programs in EBPs and a desire to extend their cash runway. Outsourcing of R&D services is one way to achieve this.

Additionally, the COVID-19 pandemic has highlighted the risks associated with relying on a single supply route. Disruption caused by the pandemic has led to supply chain issues in various industries, including the pharmaceutical industry. As a result, many companies are looking to build resilience into their supply chains by expanding and diversifying their suppliers to mitigate the risks associated with potential disruption and ensure continuity of supply.

Geopolitical shifts are currently favouring outsourcing in the contract research sector to countries such as India, as pharma companies consider alternative outsourcing destinations. While various factors such as global trade

policies, political and economic stability in the region, and availability of skilled labour in emerging markets influence the choice of outsourcing, we believe India is well positioned to gain from this shift.

Considering these and other demand drivers for the CRO industry, we are optimistic about the growth opportunity for outsourcing of R&D services.

(iii) Syngene's Research Services

The Company offers its Research Services through various flexible models, which include shared resources and infrastructure as well as a dedicated facility. These are referred to as Discovery Services and Dedicated R&D Centres, respectively.

Discovery Services

(a) About the services

Our Discovery Services span the entire spectrum of early-stage research from target identification to delivery of drug candidates for further development. Syngene's flexible approach enables clients to choose functional services or Integrated Drug Discovery solutions. In functional areas, our services cover Chemistry, Biology, Safety Assessment & Toxicology, and Computational & Data Sciences. Integrated Drug Discovery services encompass the functional domains with a program management approach across various stages of the drug discovery process.

The Discovery Chemistry team provides a diverse range of platform capabilities across synthetic and medicinal chemistry, library synthesis, analytical support, and purification. We bring to the table deep expertise in PROTACs, antibody-drug conjugates, peptides, nucleotides, and carbohydrates. Our Discovery Biology team works on cutting-edge research across cell engineering, antibody discovery, protein sciences, assay biology, in vivo pharmacology, genomics, and translational sciences. We also offer a full DMPK suite, both in vitro ADME and in vivo PK studies.

Our Safety Assessment team offers exploratory studies as well as full GLP packages. We also offer specialty studies such as in vitro cytotoxicity, skin irritation, phototoxicity, skin sensitization, as well as medical device testing. All our Discovery Services are supported by advanced informatics capabilities that enable faster, more efficient decision-making. Our computational and data sciences capabilities extend across target intelligence, multi-omics data analysis, systems modelling, molecular modelling, drug repurposing, predictive modelling, and multiparameter optimization.

(b) Syngene's strategy

Our strategy is to provide end-to-end therapeutic discovery capabilities including differentiating technologies and platforms across disciplines, disease areas, and therapeutic modalities. The Company delivers high-value innovation on the robust foundation of its platforms and scientific capabilities. A key priority is to further leverage these strengths by expanding partnerships with existing clients and adding new clients.

(c) Progress made during the year

In FY23, Discovery Services maintained a strong performance, mainly fueled by an increase in demand from new clients, particularly in the emerging biopharmaceutical sector, as well as further growth of relationships with current clients. In Discovery Chemistry, the peptide and targeted protein degradation/stabilization businesses showed strong growth.

Discovery Biology offers translational and pharmacological expertise across multiple therapeutic areas including oncology and immuno-oncology, immunology, neuroscience and cardiovascular diseases. During the year, the therapeutic antibody discovery capabilities were significantly augmented through the introduction of single B cell cloning and human immune antibody library platforms. We also successfully developed a proprietary cell line, engineered specifically to generate high protein yields.

Over the course of the year, SynVent™ - our exclusive platform for integrated drug discovery programs - has emerged as a highly appealing model for biotech firms that don't prefer to invest in their own infrastructure or to build extensive teams with the expertise needed to move molecules through the discovery and development phase.

Capability/capacity additions during the year

- The company strengthened Syngene SynVent™ led by a team of professional drug hunters with pharma and biotech experience, across multiple therapeutic areas and modalities.
- Investments in infrastructure in Hyderabad provided additional capacity to cater to growing client demand. We added ~46,000 sq. ft. of laboratory space in Hyderabad. The Discovery Chemistry unit for synthetic, organic and medicinal chemistry was expanded to accommodate around 900 scientists in total. A fully automated compound management system was installed in Hyderabad. We also expanded our assay biology and large molecule research capacity through the addition of ~7,500 sq. ft. of laboratory space in Bangalore.

- Additionally, we augmented our specialty capabilities, including expansion of Target Protein Degradation/Stabilization Platform (SynTACS), antibody therapeutic platform, and discovery scale oligonucleotide platform.
- The Company's Computational & Data Sciences unit facilitates rapid and informed decisions for research and development activities. We continued to invest in AI-based drug discovery and have launched SARchitect™, our proprietary platform for data visualization and analysis, which includes features specifically designed to foster collaboration between scientific experts across disciplines and geographies. We have also launched SynTIPS, which provides entirely automated and rapid identification, collation, and analysis of data related to biological targets and pathways, including prioritization.

Discovery Services expanded its capacity in Hyderabad and enhanced its capabilities to provide end-to-end therapeutic services in line with its growth strategy.

Dedicated R&D Centers**(a) About the services**

The Dedicated R&D Centres offer a comprehensive "turn-key" solution to clients. They provide everything required to advance research projects, including highly trained scientific personnel, management, cutting-edge infrastructure, operating systems, processes, and procedures that comply with regulatory requirements. These Dedicated Centres are exclusively operated for a single client and are set within a scientific ecosystem that facilitates fast scaling up of operations when needed.

Syngene's Dedicated Centers offer dedicated multi-disciplinary scientific teams, support personnel, and a tailor-made ring-fenced infrastructure according to client specifications to support clients' R&D goals.

The Dedicated Centers are usually a part of long-term strategic partnerships for five-years or longer. The Dedicated Centers are generally multi-disciplinary, Full Time Equivalent (FTE) based engagements that support a wide array of integrated R&D requirements of the clients.

The Dedicated Centers have client staff co-located in the Dedicated Center premises, thereby creating a truly collaborative environment, with real-time and continuous exchange of ideas, which fosters creativity and learning for all stakeholders

Syngene operates dedicated R&D centers for three clients: Bristol-Myers Squibb, Baxter Inc., and Amgen Inc. These collaborations have grown and expanded consistently over the duration of the contract.

(b) Syngene's strategy

Extend and expand Dedicated R&D Centres

The Company remains focused on continuing to strengthen the existing partnerships with Amgen, Bristol Myers Squibb and Baxter through the dedicated centres which provide a strong foundation for future planning; such partnerships provide revenue visibility over the medium to long-term with predictable cash flows.

(c) Progress made during the year

The dedicated centres delivered outcomes determined by the agreed key performance indicators, and infrastructure investments were implemented as planned to enable growth in capacity and capabilities.

Overall, Syngene's revenue from Research services grew by 20% year on year, with Discovery Services growing at 31%. Year on year revenue growth of the Dedicated Centres was at 7%. The contribution to total Syngene revenue from Research Services was at 65% for the year compared to 66% in the previous year.

Overall outlook for Research Services

The demand for CRO services continues to be healthy. In light of the global economic situation, we are optimistic about the market opportunity for CRO services. The Company is well-positioned to capitalize on this opportunity because of its continued focus on driving functional services and Integrated Drug Discovery solutions, and its investments in capabilities, technologies and platforms to better meet client requirements. Focus areas include: establishing proprietary platforms for protein-yielding cell lines and antibody therapeutic discovery, continuing to leverage the power of artificial intelligence and machine learning to reduce discovery timelines and costs, and further expanding the research facilities in Hyderabad and Bangalore.

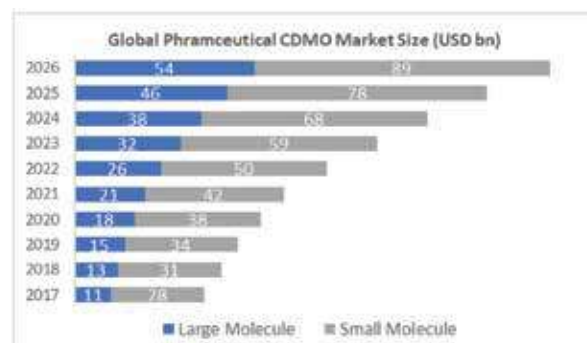
In the Dedicated Centers, the Company will continue to focus on meeting the needs of its long-term strategic partners through investment in new capabilities and continuous improvement in services.

Contract Development and Manufacturing Services (CDMO)

CDMOs specialize in the development, scale-up and manufacturing of drug products both for clinical trials and for commercial distribution. CDMOs offer a range of services that include drug development, process development, analytical testing, formulation development, scale-up, manufacturing, packaging, and distribution. These services can be provided on a stand-alone basis or as part of a complete end-to-end service offering.

(a) Contract development and manufacturing services – market size and attributes

The Global CDMO market was valued at USD 76 bn in 2022² and is expected to grow at a CAGR of 17.1% to reach a market size of USD 143 Bn in 2026. Similar to CRO market, the growth in CDMO activity has accelerated, driven by the increasing trend of outsourcing.

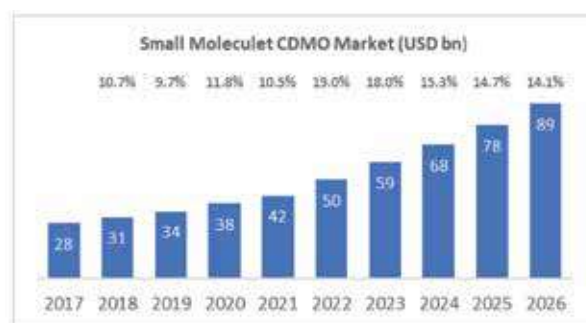


²Frost & Sullivan Global Pharmaceutical CDMO Market Size

(i) Small molecule development and manufacturing services market

A typical small molecule CDMO offers services in clinical scale drug substance and drug product development. It also covers manufacturing services and commercial scale development and manufacturing services.

The global small molecule CDMO market was USD 50 bn in the year 2022 and is expected to grow at a CAGR of 15.5% to reach a market size of USD 89 bn by 2026³.



³Frost & Sullivan Global Pharmaceutical CDMO Market Size

The expansion in the global small molecule drug development industry is a result of factors such as increase in chronic diseases, increase in healthcare expenditure, and upcoming patent expirations of few of the largely used pharmaceutical drugs.

Over the past few years, small molecule drugs have been prevalent among the various drug types. High-throughput screening methods are mostly used in the industry to rapidly access the lead candidates for medical targets.

Asia Pacific has the potential to be the promising outsourcing market for small molecules due to the abundance of CROs in the region. Countries like South Korea, India, and China are investing substantial amounts in the pharmaceutical sector expansion.

(ii) Large molecule development and manufacturing services market

The large molecule market size is currently estimated at USD 26 bn³ and is forecast to grow at a CAGR of 20% to reach the market size of USD 54 bn by the year 2026. Even though the current market size of large molecules is approximately half that of small molecules, the CAGR of large molecules market is 5% above that of small molecules market which is 15%.

This higher CAGR of large molecules market is driven by the large number of large molecule drug approvals, mainly from US FDA, as well as the increase in infectious diseases, rise in demand for novel therapeutics and the increased capital investments by pharma companies.



³Frost & Sullivan Global Pharmaceutical CDMO Market Size

Drug development for large molecules can be divided into two sections: drug product (DP) development, which includes filling the drug substance into the primary container, and drug substance (DS) development, which includes the development of master and working cell banks, manufacturing process development, and scale-up.

Syngene's development and manufacturing services

Development Services

In Development Services, Syngene offers preclinical development, API and drug product development for both small and large molecules. We engage in drug development services from lead generation to clinical supplies of drug substance and drug product. Our Clinical development services are across Phase I, II & III trials. We also support our clients in drug filing with US FDA and other regulatory authorities.

Syngene's strategy

(a) Integrated approach leveraging existing capabilities:

Providing end-to-end chemical manufacturing control (CMC) support for a drug -development requires many specialized resources. Clinical supplies, manufacturing, and stability, along with an in-house team of regulatory experts and qualified personnel help achieve faster regulatory filing and first-in-human studies while maintaining tight control over quality and expenditure. Syngene's credentials include delivery of integrated CMC programs, including moving drug candidates from lead optimization to IND dossier submission in under 12 months.

(b) Progress made during the year

We continued to drive integration across the Development Services division, thus strengthening our position as a one-stop shop for CMC services. During the year we acquired new scientific skills and capabilities which are proven in the successful delivery of projects for our clients. Capabilities added include high potency laboratory to handle band 4 compounds at milligram to 500g scale; synthesis of linkers and toxins from milligrams to commercial scale; expertise in anionic polymerization technique to customize polymer architectures for various applications; and expertise in making polymeric architectures to be used as linkers in drug-polymer conjugates.

Capability and capacity additions during the year

The Company continued to invest in enhancing its capabilities to provide full spectrum of services. A new injectable fill-finish facility with a filling capacity of about 2,000 vials per hour was commissioned. This GMP-compliant facility will enable us to address the drug product requirements of both small molecules and large molecules for early phase clinical supplies covering the injectable market.

Syngene's Manufacturing Services

Manufacturing Services completes the integrated platform offering to our customers.

(i) Small molecule commercial manufacturing services

The Company has a state-of-the-art small molecule commercial manufacturing facility in Mangalore. The company expects to secure US FDA and other major regulatory approvals for the facility in the current financial year.

Syngene offers current Good Manufacturing Practices (cGMP) manufacturing from benchtop volume to commercial scale as well as end-to-end solutions from GLP-Tox batches to clinical supplies, scale-up, launch and commercial manufacturing.

(ii) Large molecule development and manufacturing services

Syngene is a fully integrated custom biomanufacturer. Our solutions include mammalian and microbial capabilities for clinical and commercial supplies. We have a strong track record in terms of experience and know-how across monoclonal antibodies, bispecific, antibody fragments, recombinant proteins, glycoproteins, mRNA, microbial (*E. coli* and *Pichia*) and microbiome Live Biotherapeutic Product (LBP).

Our biologics manufacturing facility can accommodate multi-product production campaigns simultaneously, based on a single-use technology platform. It is designed to support clients during long-term commercial manufacturing campaigns. Our facility has a wide range of the latest technology combined with rich experience in handling cell culture-based products.

Syngene's strategy

(a) Provide end-to-end solutions for biologics development and manufacturing

The Company aims to capitalize on strong demand for both biologics and biosimilars at clinical and commercial scale. This is being enabled by adopting an 'end-to-end solutions' approach and investing in additional capacity. For small molecules we continue to focus on securing US FDA and other major regulatory approvals for the small molecule commercial scale manufacturing facility in Mangalore to attract a broader range of projects.

(b) Progress made during the year

Our strategy to provide end-to-end solutions in biologics came to fruition with the signing of the ten-year biologics manufacturing agreement with Zoetis. Following successful regulatory approvals for our biologics manufacturing facilities, the commercial manufacturing of drug substance for Zoetis started in the fourth quarter. In addition to growing our capabilities in monoclonal antibodies, our portfolio was expanded with service offerings for GMP manufacturing of plasmid DNA and mRNA.

Capability and capacity additions

- Manufacturing services achieved a significant milestone by signing a 10-year agreement with leading animal health company, Zoetis, to manufacture the drug substance for Librela® (bedinvetmab), a first in class monoclonal antibody used for treating osteoarthritis in dogs.
- Key regulatory milestones were also achieved by successfully clearing GMP audits by US Food and Drug Administration (USFDA), European Medicines Agency (EMA) and Medicines and Healthcare products Regulatory Agency (MHRA) as part of commercial drug substance manufacturing of Librela®.

- As part of our efforts to develop new capabilities, we successfully developed and transferred processes for GMP manufacturing for mRNA-based product therapies in the context of advanced therapy medicinal products (ATMP) from microbial platforms.

Overall, Development and Manufacturing Services revenue grew by 28%. Excluding the contribution of Remdesivir in the previous year, the year-on-year growth of Development and Manufacturing Services in the year under review was 60%. The share of Development and Manufacturing Services was 35% of Syngene's revenue from operations in FY23 compared to 34% in the previous year.

Outlook for Development and Manufacturing Services

The fundamentals of the Company's small molecule CDMO Services are robust with an integrated platform for development and commercial manufacturing. The small molecule GMP commercial manufacturing facility is expected to ramp up utilization post USFDA approval expected in the current financial year. We believe this will help capture potential commercial manufacturing opportunities for novel molecules.

The Company will add capabilities and capacity for non-GMP manufacturing of small molecules to provide greater flexibility and speed for clients.

With respect to large molecules, Syngene is well-positioned to capture the increasing demand for biologics development and manufacturing. The focus of the Company is to execute on key client contracts and augment capacity to meet the demand opportunity.

Operational Review

Research services

Our research services had a strong year of successful delivery of client projects, capability additions, and contribution to overall organizational growth. During the year, the Company continued delivering on its strategy of providing end-to-end drug discovery capabilities.

The company moved forward in strengthening Syngene SynVent™, a specialized platform for integrated therapeutic discovery and preclinical development, led by a team of professional drug hunters with pharma and biotech experience across multiple therapeutic areas and modalities. This year, our client integrated portfolio comprised 17 projects across diverse therapeutic areas and modalities, ranging from small molecule inhibitors to targeted protein stabilization.

We made significant strides in strengthening our end-to-end therapeutic drug discovery capabilities through scientific enhancements. Now with over 900 scientists in Hyderabad, we have not only expanded our Discovery Chemistry operations, but also installed a fully automated compound management system.

We also invested in improving our operational effectiveness, including establishing both a catalyst screening facility and a centre of excellence for biology screening in Bangalore. Furthermore, we launched a virtual reality-based learning experience for new employees, with a focus on safety.

Our investment in automation was recognized with two Gold Awards for Low-Cost Automation at the 7th Confederation of Indian Industry. We remain committed to leveraging the latest scientific and technological advancements in our efforts in drug discovery and development.

Development and Manufacturing Services

Development Services delivered sustained performance during the year. Growth was predominantly driven by repeat orders from existing clients, as well as an increase in the number of collaborations with emerging biopharmaceutical companies.

A key operational milestone was the completion of the construction of a state-of-the-art sterile fill-finish facility. The GMP-compliant facility will offer end-to-end solutions in developing and manufacturing small and large-molecule injectables to support the delivery of clinical supplies.

In Formulation Development, while bringing innovation to the workplace, the team has proven expertise in developing hard and soft chew palatable oral solid dosage forms for companion animals. Novel combination products with four to five drug substances were developed and manufactured. Similar innovation was demonstrated in developing an injectable solution to treat age-related macular degeneration (AMD) using novel biodegradable polymer nanoparticles – a novel drug delivery system.

In Chemical Development, the team strengthened its technical capabilities in developing complex chemistries and extended its capabilities in manufacturing oligonucleotides, polymers, and highly potent drug substances. In-house expertise was developed to design and prepare complex polymers to link the biologically active cytotoxic payload or drug payload and monoclonal antibody to develop Antibody Drug Conjugates (ADC).

Quality, Compliance, and Safety remained the prime focus areas for operational execution in Development Services, which have helped build customer confidence and sustained partnership.

In Manufacturing Services our Biologics division achieved significant milestone by signing of a 10- year agreement with leading animal health company, Zoetis, to manufacture the drug substance for Librela® (bedinvetmab), a first in class monoclonal antibody used for treating osteoarthritis in dogs. Significant regulatory milestones were achieved by successfully clearing GMP audits by US Food and Drug Administration

(USFDA), European Medicines Agency (EMA) and Medicines and Healthcare products Regulatory Agency (MHRA) as part of commercial drug substance manufacturing of Librela®.

As part of our efforts to develop new capabilities, we successfully developed and transferred processes for GMP manufacturing for mRNA-based product therapies. These products are part of products related to Advanced Therapy Medicinal Products (ATMP) from microbial platforms.

Enabling Functions

The Quality function supported the drive to be 'Anytime Audit Ready' in all operations. Aligned with this focus, continued investments in digitization reduce the impact of human error and increase the ability to audit quality and other processes. Productivity, quality, and compliance dashboards, based on data captured using Electronic Lab Notebooks, are now available.

Across all operations, the commitment to continuous improvement ensured that operations are compliant, and a lean quality control program was implemented to make laboratories more efficient. As a result, downtime of instruments was reduced and productivity was increased.

Successful completion of the USFDA, EMEA and MHRA audit of Biologics manufacturing facility is a testimony of Syngene's quality systems and processes.

Information technology has been helping in transforming Syngene's operations and driving business outcomes by leveraging digital technologies. In Discovery services we have completed the transition from paper-based lab notebooks to electronic lab notebooks. The Company is also in the process of digitizing its warehouse operations with a combination of QR codes and handheld devices that will enable digital mode of handling all inventory transactions within the warehouse on a real-time basis in Development and Manufacturing operations. During the year, QR codes were implemented for Chemical development. Syngene entered pharma 4.0 journey by implementing eBMR (paper on glass) across its development and manufacturing Services. Electronic batch manufacturing records (eBMRs) will help track and monitor production process throughout manufacturing. eBMRs capture data in real time, improve the compliance by minimizing data entry errors, and reduce the batch release cycle.

The Company continued to invest in creating a differentiated customer experience through its project management platform, Synpro. Even as the core project management function was strengthened, more than 800 employees across technical and non-technical functions were trained in the basics of project management. A high level of QOTIF (quality on-time in-full) performance was effectively sustained.

Strategic sourcing has continued to play a pivotal role in fulfilling the Company's diverse procurement needs. The Company was able to demonstrate resilience against global disruptions by harnessing its multi-geographical supplier base. The efforts towards increasing local sourcing in small molecule discovery and development businesses have started producing favorable results in lead time improvement for raw material delivery. In a brief period, the Company has been able to streamline its raw material delivery plans through robust supplier management practices for the manufacturing services with the inception of the Zoetis engagement.

At Syngene, Operational excellence is a way of working. This year, the organization achieved significant milestones across various elements of operational excellence, including capability building, efficiency, cost and engagement. We continued to strengthen key processes of Kaizen Ideas, Why Analysis and SQDECC (Shop floor daily management process to monitor and improve safety, quality, delivery, engagement, compliance, and cost) in all areas. The SQDECC teams completed more than 300 why-why analysis this year. During the year, more than 2,500 employees completed their white belts (first level of operational excellence certification) and contributed to several Kaizens and problem solving. The organization is fully committed to drive excellence in all parts of the organization and to build the next-level journey on the foundation created.

Human Resources

Syngene's operations are delivered by a highly trained, experienced workforce, of which 88% are scientists.

During the year, the Company continued its commitment to hiring, developing, and retaining employees to ensure that it has the capabilities to scale and sustain its growth.

In addition to experienced industry hires, the Company ran virtual campaigns to attract new graduates. These new graduates constitute a significant proportion of new hires at Syngene, and the company invests in their training and development to help them get the best start in their scientific career. The Syngene Training Academy (STA) enables these staff members to develop the skills they need to operate safely and productively in a demanding, industrial science working environment. The STA encompasses both technical and behavioral training over a six-month period.

The Company's talent development plans include launching the managerial development plan for coaching managers, launching the competency development framework, employee surveys and pulses for employee engagement along with focused plans on succession planning and quarterly talent reviews. Science certification and trainings have also garnered momentum this year with continued focus for the next fiscal as well.

FY23 Financial Performance

The consolidated financial performance of the Company for FY23 (in Rs Mn) is discussed below.

Particulars	FY 23	FY 22	Change %
Total Revenue	32,638	26,570	23%
Expenses			
Cost of chemicals, reagents and consumables consumed	9,022	7,706	17%
Changes in inventories of finished goods and work-in-progress	(420)	(216)	94%
Employee benefits expense	8,417	7,181	17%
Other expenses	5,148	3,958	30%
Foreign exchange fluctuation loss/ (gain), net	418	(548)	-176%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10,053	8,489	18%
Depreciation and amortisation expense	3,665	3,097	18%
Finance costs	452	241	88%
Profit before tax and exceptional items	5,936	5,151	15%
Exceptional items		307	-100%
Profit before tax	5,936	4,844	23%
Tax expense	1,292	886	46%
Profit for the year	4,644	3,958	17%
Other comprehensive income for the year	(972)	433	-325%

Particulars	FY 23	FY 22	Change %
Total comprehensive income for the year	3,672	4,391	-16%
Revenue from operations	31,929	26,042	23%
Earnings from operations	9,344	7,961	17%
PAT before exceptional item	4,644	4,211	10%

Revenue

During FY23, we reported a 23% growth in revenue from Rs 26,570 Mn in FY22 to 32,638 Mn. Revenue from operations, was up 23% from Rs 26,042 Mn in FY 22 to Rs 31,929 Mn in FY23. Growth was driven by solid delivery across all divisions.

Cost of materials consumed

The cost of materials consumed in FY23 increased by 15% to Rs 8,602 Mn, accounting for 27% of revenue from operations.

Adjusted for the higher proportion of materials for remdesivir sales, the material costs reflected the revenue growth and the change in business mix towards development and manufacturing services

Employee benefits expense

The employee costs for the year increased by 17.2% to Rs 8,417 Mn. The increase was in line with headcount additions and the salary increment during the year.

Other expenses

Other expenses showed a 30% increase versus the previous year. This is primarily due to cost inflation as well as an increase in business travel, sales promotion, and other overheads. Also,

power and facility costs, increased by 22% year-on-year due to inflationary pressures. During the year, we saw the benefit of our investments in renewable energy, which not only de-risked the cost of energy supply but also helped us make good progress on our environmental commitments by reducing carbon emissions. Despite an increase in total energy consumption due to the expansion of our facilities and increasing power and fuel tariffs, these investments provided us with a mechanism to mitigate cost increases.

Foreign exchange fluctuation

The Company made an exchange loss of Rs 418 Mn during FY23 as against an exchange gain of Rs 548 Mn in the previous year. Fiscal year 2023 was marked by unprecedented depreciation of Rupee against the Dollar.

The loss in FY23 was largely on account of the hedge rates being lower than the prevailing market rates.

Depreciation and amortisation expense

Depreciation and amortization increased to Rs 3,665 Mn from Rs 3,097 Mn in FY22. This reflects the additional depreciation in new investments in expanding the Hyderabad facility, Biologics, and other investments across the business.

Finance costs

The Finance costs increased by 88% to Rs 452 Mn in FY23 compared to Rs 241 Mn in FY22 driven by ~100 bps increase in interest rates, exchange rate difference on foreign currency borrowings (cost increased by Rs 41 Mn) and interest component of lease liabilities on new properties taken on lease (cost increased by Rs 60 Mn). The average cost of debt was maintained at 3% p.a.

Interest coverage ratio is adequate at 14 times in FY23.

Tax expenses

Tax expenses for the year stood at Rs 1292 Mn in FY 23 in comparison to Rs 940 Mn (before exceptional items) in FY 22.

The effective tax rate increased from 18.3% in FY22 to 21.8% in FY23. This increase in effective tax rate is attributable to some of the units moving out of the SEZ tax benefit period and the revenue growth in Discovery Services from units that do not have any tax benefits.

Profitability

The Company's reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) in FY23 grew by

18.4% to Rs 10,053 Mn compared to Rs 8,489 Mn in FY22.

EBITDA margin for the year was at 30.8% compared to 31.9% in FY22. Other income for the period increased by 34.1% to Rs 709 Mn which was driven by an increase in the cash balance and better yields on bank deposits and on other instruments.

Excluding other income, EBITDA from operations was at Rs 9,344 Mn in FY23 compared to Rs 7,961 Mn in FY22, an increase of 17.4% YoY registering a margin of 29.3% of revenue from operations for the year as compared to 30.6% in the previous year.

Profit After Tax before exceptional items increased by 10.3% from Rs 4,211 Mn to Rs 4,644 Mn.

Profit After Tax (PAT) after exceptional items increased by 17.3% to Rs 4,644 Mn, as against Rs 3,958 Mn in FY22.

Other Comprehensive Income

Other comprehensive income includes re-measurement gains/losses on defined benefit plans and gains/losses on hedging instruments designated as cash flow hedges. The decrease/increase is primarily due to mark-to-mark gain/loss on the hedge instruments.

Analysis of the Consolidated Balance Sheet: The following table exhibits the Company's balance sheet as on 31st March,2023 and 31st March,2022:

Particulars	FY 23	FY 22	Change %
ASSETS			
Non-current assets			
Property, plant and equipment	23,834	21,229	12%
Capital work-in-progress	1,769	3,464	-49%
Right-of-use assets	2,169	2,188	-1%
Investment property	481	385	25%
Other intangible assets	185	126	47%
Financial assets	3,293	4,155	-21%
Deferred tax assets (net)	696	656	6%
Income tax assets (net)	1,381	1,191	16%
Other non-current assets	249	185	35%
Total non-current assets	34,057	33,579	1%
Current assets			
Inventories	3,328	1,794	86%
Financial assets	19,866	19,120	4%
Other current assets	1,059	1,145	-8%
Total current assets	24,253	22,059	10%
Total assets	58,310	55,638	5%
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4,014	4,008	0%
Other equity	32,166	28,968	11%
Total equity	36,180	32,976	10%
Liabilities			
Non-current liabilities			
Financial liabilities	7,247	7,501	-3%
Provisions	437	344	27%
Other non-current liabilities	2,564	2,528	1%
Total non-current liabilities	10,248	10,373	-1%
Current liabilities			
Financial liabilities	4,659	6,233	-25%
Provisions	510	582	-12%
Current tax liabilities (net)	147	240	-39%
Other current liabilities	6,566	5,234	25%
Total current liabilities	11,882	12,289	-3%
Total equity and liabilities	58,310	55,638	5%

Non-current assets

Increase in non-current assets was primarily due to investments in tangible assets in research services towards adding lab capacity and in Biologics in augmenting support infrastructure to scale up the existing facility to deliver at full scale. Other investments were made in Development Services towards adding clinical scale Injectable Fill Finish capability amongst others.

Working Capital (Current assets, less current liabilities)

Working capital increased to Rs 12,372 Mn in FY23 from Rs 9,770 in FY22. This Increase was primarily due to increase in inventory levels by Rs 1,534 Mn to ensure that there is no disruption in client deliveries due to supply chain delays and to support holding of long lead time materials in case of biologics.

Equity share capital

The Company's equity share capital comprises of approximately 400 million equity shares of Rs 10 /- each.

Other equity

Other equity comprises the share premium, retained earnings, cash flow hedging reserves and other reserves. The total reserves and surplus of the Company increased by 11% in FY 23 as a result of the accumulation of profits earned during the year and the movement in items of other comprehensive income.

Non-current liabilities

Non-current liabilities include:

Long-term borrowings in the form of an External Commercial Borrowing (ECB) facility of USD 50 Mn and Foreign Currency Term

Loan (FCTL) facility of USD 20 Mn to fund the capital expenditure of the Company. Deferred revenues relating to assets funded by third parties that are to be amortized over the useful life of the assets/period of contract to Other operating Income.

The debt: equity ratio of the Company as on 31 March 2023, improved to 0.16 as compared to 0.24 as on 31 March 2022 due to repayment of borrowings.

Net Cash position:

Taking into account of investments in inter-corporate deposits with financial institutions, deposits with banks, cash and cash equivalents and investments in overnight mutual funds, the Company is net cash positive as of 31 March 2023. The net cash position increased from Rs 7,325 Mn as of 31st March 2022 to Rs 9,561 Mn as of 31st March 2023.

Contingent liabilities

Contingent liabilities include tax and other proceedings that arise from time to time in the ordinary course of business. Contingent liabilities stood at Rs 6,219 Mn as of 31 March 2023 in comparison with Rs 5,478 Mn as of 31 March 2022. The above includes Income tax disputes of Rs. 4,857 Mn (FY10 to FY18) and Rs 1,349 Mn pertaining to FY21 while the assessment orders for FY19, FY20, FY22 are pending.

Other than the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Management is of the view that these will not have any material adverse effect on the Company's financial position or results of operations.

RISKS, CONCERNS AND MITIGATION STRATEGY

Risks and Concerns

Risk Management is an integral part of management practice in the Company and is correlated with the execution of its strategic priorities. An Enterprise-wide Risk Management framework provides a holistic approach to identification, monitoring, reporting and mitigating risks that could impact performance. Risk mitigation is reviewed regularly under a governance process involving the Executive Risk Committee and the Board Risk Committee.

The Executive Risk Committee assesses the probability, velocity, and severity of all enterprise risks. Emerging risks are identified and discussed with the Risk Committees along with the

mitigation action plan. Every enterprise risk has an identified risk owner from the Executive Committee and the risk owners in addition to providing a quarterly update on the mitigation status, also leads a full risk review once a year with the Board committee.

Syngene's Enterprise Risk Management framework is aligned to SEBI regulations and risks have been categorized into sectoral, operational, sustainability/ESG, financial, information/cyber security risks. In line with strategy and its success factors five additional risks were identified and have been included in the table below. The following table provides a summarized view of the major risks and mitigations plans in the risk framework. Risk classification is based on probability, velocity and impact of the risk on the business.

Risks and mitigation plan in action

Risks		Risk mitigation actions
	Sectoral Risks	
1	Risk arising from customer concentration – risk of loss of revenue in the event of the loss of a key customer	<p>Commercial execution focusing on gaining new logos has reduced dependence on any single customer.</p> <p>The Company endeavors to strengthen partnerships with largest customers by establishing long-term contractual arrangements that enable deepening the relationship driving longevity and interdependency.</p> <p>Customer centricity is at the core of the company values and several initiatives have been rolled out focusing on performance management, customer engagement, and process simplification, to further improve the satisfaction.</p>
2	Risk arising from failure to keep pace with emerging client technology requirements <p>Scientific research is fast evolving with new and innovative technologies driving product innovation and new therapeutic approaches. Improved digital and computational capabilities are also transforming the speed and effectiveness of discovery research. Syngene's clients operate at the leading edge of innovation. For these companies, part of the attraction of working with a CRO is having access to the latest skills and technology.</p>	<p>Board level Science and Technology committee and council established during the year met 4 times to review and provide inputs on technology advancements.</p> <p>Over recent years, the Company has invested in technologies like artificial intelligence, new science, automation, and capability expansion to be able to offer the latest technology offerings to its customers.</p>
3	Risk arising from not being aligned with clients' sustainability goals thereby getting excluded from clients' consideration.	Initiated the process to determine science-based -targets and ensure delivery across operations to meet required annual emission reduction targets.

Risks		Risk mitigation actions
	Operational Risks	
4	<p>Risk arising from lack of progress in biologics/large molecules development and manufacturing services leading to potential loss of business opportunities and inadequate return on investment.</p> <p>Syngene has expanded into contract manufacturing over the recent years. Large molecule manufacturing is an important pillar of Syngene's manufacturing strategy, and the Company has made investments in mammalian and microbial facilities to manufacture large molecule drug substance.</p>	<p>Entered into a 10-year agreement with Zoetis Inc., a leading animal health company for biologics commercial manufacturing.</p> <p>Successfully completed the USFDA, EMEA and MHRA audits of Biologics manufacturing facility that enables the execution of the long-term collaboration with Zoetis.</p> <p>The company is committed to make continuous investments in adding capacity and capabilities to meet the increasing demand and capture its share of growth in biologics market.</p>
5	<p>Risk arising from failed execution of the Integrated Drug Discovery (IDD) strategy</p> <p>The ability to offer IDD is important to clients who choose to operate within an asset light model and consequently prefer to outsource the full drug discovery value chain to a contract research partner. Many venture capital funded biotech companies take this approach and increasingly larger biopharma companies are also accessing this model to retain a flexible approach to capital investment.</p>	<p>Extensive investment in building capabilities and leadership across strategic, scientific and program management organization to ensure successful execution of IDD programs.</p> <p>Commercial strategy with a well-rounded plan for client engagement to ensure portfolio and revenue growth.</p>
6	<p>Risks arising from ineffective execution of projects across development services</p>	<p>Implementation of effective project management framework through SynPro tool enabling delivery of client projects measured through Quality, Ontime In Full metric indicating client satisfaction.</p> <p>Continuous efficiency improvement programs and enhanced operational integration for sustained delivery of projects.</p>
7	<p>Risk arising from inability to establish a world class, global sales/marketing/ commercial operation.</p> <p>Syngene's customers are located across the globe, with the majority in North America, Europe, and Japan. An effective, close to the customer, commercial organization is required to ensure the Company can build and maintain the right level of relationships with current and new customers.</p>	<p>Established global sales team with seasoned leaders in important markets around the world has brought the company closer to its clients, which has improved customer engagement, made access easier, and increased responsiveness.</p> <p>Efforts continue to simplify and improve processes across all customer touch points.</p>
8	<p>Risk arising from inadequate infrastructure planning and execution</p> <p>Syngene's discovery, development and manufacturing units require investment in state-of the-art infrastructure to support growth. Failure to deliver the infrastructure in time risks our ability to deliver planned growth.</p>	<p>Infrastructure requirement both short term and long term are periodically reviewed via a company-wide, executive level infrastructure committee, led by the Chief Operating Officer.</p> <p>Infrastructure planning is a key element of the annual planning process, and the capex budget provides for infrastructure expansion as outlined in our 5-year plan.</p>
9	<p>Risk arising from inadequate execution of the API manufacturing strategy.</p>	<p>Syngene has invested in a state-of-the-art USFDA and EMA compliant manufacturing facility with cGMP operations, systems and processes.</p> <p>Pathway for obtaining key regulatory approvals in place.</p> <p>Developing a clear customer proposition and global sales and marketing capability to increase capacity utilization</p>

	Risks	Risk mitigation actions
10	<p>Risk arising from inadequate project management leading to project delays, client dissatisfaction and loss of business.</p> <p>As one part of a complex value chain, customer projects must be delivered at the right level of quality and within committed time frames. This requires an effective company-wide program management capability to ensure on-time, to quality, operations.</p>	<p>Investments in establishing a highly experienced, highly capable program management capability, supported by investments in technology and staff training is delivering consistent and competent project management across organization.</p> <p>Capability upgrade and institutionalized changes has resulted in progressively improving delivery thereby improving customer satisfaction.</p>
11	<p>Risk arising from inability to attract, train and retain a skilled workforce</p>	<p>Syngene's operations are delivered by a highly trained, experienced workforce, of which 87% are scientists.</p> <p>During the year, the Company continued its commitment to hiring, developing and retaining employees to ensure that it had the capabilities to scale and sustain its growth.</p> <p>In addition to experienced industry hires, the Company ran campaigns and collaborated with universities and institutions to attract new graduates. These new graduates constitute a significant proportion of new hires at Syngene.</p> <p>Company invests in training and development of fresh hires to help them get the best start in their scientific career.</p> <p>The Syngene Training Academy (STA) enables these staff to develop the skills they need to operate safely and productively in a demanding, industrial science working environment. The STA encompasses both technical and behavioral training over a six-month period.</p> <p>Company wide management development program undertaken to develop leadership skills among employees</p> <p>The Company is committed to providing equal opportunity and offering fair pay to all employees and regularly undertakes salary benchmarking and calibration to ensure pay and reward levels are competitive within the labor markets we operate in.</p>
12	<p>Risk arising from disruption in operations caused by shortage of water</p> <p>Water is a key input for many of Syngene's processes and consequently the company places a high degree of focus on ensuring that we manage this scarce precious resource with care.</p>	<p>The company has implemented a combination of strategies to ensure sufficient water supply for all of its operating plants. These strategies include extensive recycling of used water, rainwater harvesting, building on-site water tanks to offset any interruptions in external supplies.</p> <p>In line with its sustainability objectives, the company has invested in new methods for reducing water use and has already achieved a 40% reduction in freshwater demand.</p> <p>Syngene distributes its operations across multiple geographies as a mitigation strategy to address resource disruption in any one location.</p>

	Risks	Risk mitigation actions
13	<p>Risk arising from failure to adhere to Standard Operating Procedures (SOP) and meet industry compliance and operating norms</p> <p>Biopharma, and more broadly life-science operations, are highly regulated and require a high attention to consistent output quality. Standard Operating Processes must be well understood and followed with no deviation across all applicable aspects of operations.</p>	<p>Institutionalized a sophisticated industry and regulatory standard SOP framework with staff undergoing periodic training and testing on SOPs.</p> <p>Operational adherence monitoring through line management supported by a digital platform.</p> <p>SOPs are constantly upgraded to meet Industry compliance and operating norms.</p>
14	<p>Risk arising from lack of inventory planning and management leading to material wastage, delays in project execution and higher costs of operations</p>	<p>Increased focus on reducing inventory days through materials and operations planning with the help of methods and processes.</p> <p>Sales Inventory & operating process enables need based ordering of materials to manage inventory levels.</p>
15	<p>Risk arising from inability to ensure adequate management of safety hazards within operations.</p> <p>Syngene operations have inherent risks associated with dealing with hazardous chemicals and sensitive biological entities.</p> <p>Additional operational safety hazards include factors such as working with heavy engineering, working at height and working with heat.</p>	<p>Safety is of prime focus within the organization and has now been established as the fourth value organization wide. Several measures have been taken to inculcate safety culture and establish a “safety first” mindset from their first day of employment and throughout their tenure with the company.</p> <p>A company-wide safety program KAVACH is followed that provides a safety vision and mission integrated with Syngene values. It includes a governance framework that tracks change in mindset and behaviors through multi-tier safety council meetings.</p> <p>Safety consciousness is driven through communication campaigns and is reinforced through strictly monitored safety operating protocols.</p> <p>Near miss reporting is encouraged and learnings are discussed and shared across the organization.</p>
16	<p>Risk arising from disruption in the global supply chain leading to delayed delivery of client projects</p> <p>An effective, reliable supply chain is important to company operations.</p> <p>Any adverse developments impacting supply chain operations, such as a global pandemic, or geopolitical events can result in supply chain disruption thereby impacting our ability to deliver operations which in turn can adversely impact customers.</p>	<p>Building resilience in sourcing and logistics has been a priority over recent years driving investment in global category management processes and development of a broader array of global supply and logistics partners.</p> <p>Creating a vendor partner network along with other industry players to develop local ecosystem that can supplement the global sourcing.</p>
17	<p>Risk arising from failure to uphold high standards of business integrity and ethics</p>	<p>Our Anti-bribery and Anti-Corruption (ABAC) policy applies to all employees and partners, with a structured program of communication and annual training refreshers to ensure that it is widely understood.</p> <p>In addition, all vendors must meet the company's ABAC compliance standards and receive training during onboarding and periodic refreshers.</p> <p>ABAC compliance is a core part of governance reviews, and all active vendors have undergone ABAC compliance verification program</p>

	Risks	Risk mitigation actions
18	Risk arising from non-compliance with Environmental / Health/Safety regulations	<p>Syngene monitors all regulations related to environment, health, and safety through a governance process to ensure compliance at all times.</p> <p>The compliance assurance process is facilitated by an internal portal and supported by a specialized legal and regulatory help desk.</p> <p>The day-to-day monitoring of compliance is managed by a team of EHSS professionals, who conduct Gemba safety walks as part of the continuous improvement process to scrutinize compliance regularly.</p>
	Financial Risks	
19	Risk arising from adverse outcomes relating to tax positions	<p>The company takes a cautious stance towards tax planning and makes its tax decisions based on the input of several tax experts to ensure compliance with tax laws and regulations.</p> <p>If necessary, the company has the right to contest adverse tax rulings and seek guidance from professional advisors as needed</p>
20	Risk arising from non-compliance with laws due to inadequate governance framework for regulatory compliance management and reporting	<p>We have made significant investments in implementing an all-inclusive process for monitoring and managing compliance.</p> <p>This process is supported by a cutting-edge digital platform and advice from specialized experts.</p> <p>To facilitate easy access to expert advice and stay up to date with legal and regulatory requirements, the company has established a dedicated legal and regulatory help desk.</p> <p>Additionally, third-party audits are conducted periodically to assess the effectiveness of the company's compliance governance.</p>

Risks		Risk mitigation actions
	Information/Cyber Security Risks	
21	Risk arising due to failure to comply with data privacy and confidentiality requirements related to personal and client data	<p>Our company has established a data privacy policy that is designed to comply with the best industry standards and global regulations on data privacy.</p> <p>To ensure compliance with the policy, a governance framework has been implemented to maintain records of data privacy.</p> <p>Furthermore, a comprehensive communication and training program has been established to educate all employees about the policy.</p>
22	Risk arising from inadequate cybersecurity controls leading to loss of data	<p>The company has implemented a multi-layered cyber security approach using top-notch solutions to prevent cyber-attacks. This framework is regularly reviewed and upgraded to keep pace with emerging threats.</p> <p>To ensure effective management of cybersecurity, the company has established governance based on international standards such as ISO27001, and it conducts regular vulnerability assessments to stress test the system.</p> <p>In addition, the company has launched a continuous education and awareness program for employees to increase their knowledge of cyber threats and phishing risks.</p>
23	Risk arising from failure to timely implement the identified digital initiatives as per IT strategy leading to an adverse impact on future growth <p>Digitization across core operations and enabling functions has been undertaken to improve productivity, improve processes and increase data-based analytics and control capabilities.</p> <p>Failure to keep to timeline on implementation of digital initiatives may adversely impact operations.</p>	<p>Several key digital initiatives have been implemented organization wide as per the approved IT strategy of the company.</p> <p>Focus areas of Syngene's digital program includes Digitization of all transactional processes, automation, integration of process flows, deep data analytics capabilities.</p> <p>Governance and periodic reviews in place to monitor the implementation of various IT programs</p>

ESG

Syngene is committed to delivering shared value to all stakeholders and reporting transparently on its progress annually according to the standards defined by the Global Reporting Initiative and the Sustainability Accounting Standards Board.

The Company has established an Environment, Social, and Governance (ESG) framework which is led by the Executive ESG Council under the oversight of the Stakeholder and ESG Committee of the Board. The focus for activity is on material issues identified through a process of stakeholder engagement in 2021 including:

Environment: energy consumption and efficiency; water consumption and efficiency; waste management

Social: Occupational health & safety; Talent acquisition and

retention; diversity, equity and inclusion; and community investment

Governance: corporate governance and business ethics; cybersecurity; supply chain; digitization

The company recently published its 2022 ESG report, highlighting initiatives and achievements related to environmental, social, and governance topics. Rating agency, MSCI has rated Syngene as BBB among 252 companies in the sector for its ESG performance.

During the year, the Company has continued to invest in renewable energy sources while taking steps to reduce consumption. While the absolute volume of water being used has increased due to the change in mix of operations, the proportion of water being recycled and reused has doubled since the prior year to 40%.

The Company has established a green chemistry capability which offers clients the opportunity to reduce process costs while benefitting the planet. Importantly, the Company has also become a signatory to the United Nations Global Compact (UNGC) which includes the commitment to report annually on its progress in advancing the 10 principles of the UNGC in its operations.

To raise ESG standards and increase the resilience of its supply chain, the Company has implemented ESG screening for vendors in addition to requiring compliance with the Supplier Code of Conduct and completion of mandatory anti-bribery, anti-corruption training.

The company's ESG Council, comprising the Managing Director & Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Human Resources Officer, and Head of Corporate Affairs, has reviewed proposed 5-year environmental targets and made a commitment to address impact on climate change by submitting science-based targets in the year ahead. The targets for social factors as well as plans to manage cybersecurity and digitization will be reviewed during the next fiscal year.

For more details on the company's ESG practices, performance, metrics, and targets, the ESG Report 2021-22 is available on the Syngene website or by following this link: Syngene (syngeneintl.com).

Internal Controls

A robust internal control mechanism is a prerequisite to ensure that an organization functions ethically, complies with all legal and regulatory requirements and observes the generally accepted principles of good corporate governance. It is an extension of the overall corporate risk management framework as well as is an integral part of the accounting and financial reporting process.

Syngene's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The control mechanism provides for well documented policies/guidelines, authorizations, and approval procedures to ensure the orderly and efficient conduct of its business. This includes adherence to Company's policies, safeguarding of its assets, the prevention and detection of frauds and errors, ensuring the accuracy and completeness of the accounting records and the timely preparation and presentation of reliable financial information. The Company believes that its experienced and qualified employees play a key role in fostering an environment in which controls, assurance, accountability, and ethical behaviour are accorded high importance.

The Company has engaged Ernst & Young LLP to carry out internal audit of its activities on a periodic basis. The internal auditors also provide an objective view and reassurance of the internal controls as well as simultaneously auditing transactions. They report directly to the Audit Committee of the Board, which ensures process independence. The Audit Committee, comprising of Independent Directors, reviews the adequacy and efficacy of the internal controls, as well as the effectiveness of the risk management process across the Company.

Cautionary Statement

The Management of Syngene has prepared and is responsible for the financial statements that appear in this report. These statements conform to the accounting principles generally accepted in India and include amounts based on informed judgments and estimates. Syngene's projections, estimates and expectations described in this report should be interpreted as 'forward-looking statements' that can be impacted by various internal and external risks. Risks associated with market, strategy, technology, operations, and stakeholders can significantly impact the business and the actual results may differ substantially or materially from those expressed or implied.