Independent Auditor's Report

To the Members of Syngene International Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Syngene International Limited (the "Company")and its employee welfare trust, which comprise the standalone balance sheet as at 31 March 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information (herein referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the ***Auditor's Responsibilities for the Audit of the Standalone Financial Statements*** section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from operations

Refer Note 2(j) and 18 to the standalone financial statements

The key audit matter

- The Company's revenue is derived from contract research, development and manufacturing activities.
- Overstatement of revenue is a presumed fraud risk considering the Company has pressure to meet external market expectations of reporting higher revenues.
- The Company has various contractual arrangements with customers which are entered into at various stages of research and development. The Company, in line with Ind AS 115 recognises revenue based on the contractual terms and performance obligations with customers.
- The Company, in certain instances, also has bill and hold arrangements that meet the criteria mentioned for such arrangements under Ind AS 115: Revenue from Contracts with Customers, wherein revenues are recognized prior to the physical transfer of the goods on the basis of specific requests from the customers to hold back the delivery of goods at period end.
- The above factors result in revenue being identified as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in relation to revenue recognition includes the following:

- We have assessed the appropriateness of the Company's revenue recognition accounting policies and assessed compliance with the policies in terms of applicable accounting standards.
- We tested the design and implementation, operating effectiveness of the Company's controls around revenue recognition including general IT controls and key IT application controls.
- We have performed substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year and verifying the underlying documents, which includes sales invoices/contracts, shipping and delivery documents.
- We have tested the specific requests from customers at the period end to evaluate transfer of control relating to the bill and hold arrangements. We evaluated the timing of recognition of revenue from these arrangements proposed by the Company for compliance with Ind AS 115: Revenue from Contracts with Customers.
- We have assessed manual journal entries posted to revenue to identify unusual items not already covered by our audit testing.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility and Sustainability Report, but does not include the financial statements and auditor's report thereon, which we obtained prior to the date of this auditor's report, and the remaining sections of the Company's Annual Report, which are expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Independent Auditor's Report (Continued)

Management's and Board of Directors'/Board of Trustees Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company/Board of Trustees of the employee welfare trust ("Trust") are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company/Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the respective Management and Board of Directors/ Board of Trustees are responsible for assessing the ability of the Company/Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors/ Board of Trustees either intends to liquidate the Company/Trust or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/Board of Trustees are also responsible for overseeing the financial reporting process of the Company/Trust.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

.d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 01 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f .he modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements.

b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 28 to the standalone financial statements.

c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 39(v) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii.) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 39(vi) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii). Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 45(b) to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting software for maintaining its books of account, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software:

i For data changes performed by users having privileged access (debug)

ii. At the application level for certain fields / tables relating to all the significant financial processes

iii. At the database level to log any direct data changes

Further, where audit trail (edit log) facility was enabled, we did not come across any instance of audit trail feature being tampered with.

A. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

G Prakash
Partner
Membership No.: 099696
ICAI UDIN:24099696BKGPRR9841

Place: Bengaluru
Date: 24 April 2024

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Syngene International Limited for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(I).(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

(d). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including right of use assets) or intangible assets or both during the year.

(e) .According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii). (a) he inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. However, since there was no requirement in sanction letters to file quarterly returns/statements with the bank, filing of quarterly returns or statements with the banks as per clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in companies, in respect of which the requisite information as stated in clause (iii)(b) below. The Company has not made any investments in firms, limited liability partnership or any other parties.

(a) .Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity during the year. Accordingly, provisions of clauses 3(iii)(a)(A) and (B) of the Order are not applicable to the Company.

(b). According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investment made during the year are, prima facie, not prejudicial to the interest of the Company. There are no guarantees provided, security given or loans and advances in the nature of loans provided to any party.

(c). According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not given any loans and advances in the nature of loans to any party during the year. Accordingly, provisions of clause 3 (iii)(c) of the order is not applicable to the Company.

(d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not given any loans and advances in the nature of loans to any party during the year. Accordingly, there are no amounts overdue and the provisions of clause 3 (iii)(d) of the order is not applicable to the Company.

(e). According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company does not have any loans or advances in the nature of loans that have fallen due during the year. Accordingly, the provisions of clause 3 (iii)(e) of the order is not applicable to the Company.

(f) .According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Accordingly, the provisions of clause 3 (iii)(f) of the order is not applicable to the Company.

(iv). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v). The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi). We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its contract research and manufacturing services and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount disputed (INR in millions)	Amount paid under protest (INR in millions)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6, 194	1,292	2008-09, 2011-12 to 2018-19 and 2020-21 to 2021-22	Commissioner of Income Tax (Appeals)
Finance Act,1994	Service Tax (including interest)	7	1	2009-17	Customs, Excise and Service Tax Appellate Tribunals
Goods and Service Tax Act, 2017	Goods and Service Tax (including interest)	120	8	2017-18	Joint Commissioner of Appeals

(viii) .According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix).(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b). According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c). According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d). According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e). According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f). According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

(x).(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

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

(xi).(a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) .According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c). We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

(xii). According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii). In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv).(a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv). In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi).(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c). The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d). The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii). There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements to the extent available, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the sections of the annual report, other than those already made available, is expected to be made available to us after the date of this auditor's report.

(xx).(a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) n our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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

Chartered Accountants

Firm's Registration No.:101248W/W-100022

G Prakash

Partner

Place: Bengaluru

Membership No.: 099696

Date: 24 April 2024

ICAI UDIN:24099696BKGPRR9841

Annexure B to the Independent Auditor's Report on the standalone financial statements of Syngene International Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Syngene International Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

G Prakash
Partner
Membership No.: 099696
ICAI UDIN:24099696BKGPRR9841

Place: Bengaluru
Date: 24 April 2024

Standalone Balance Sheet as at March 31, 2024

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

Particulars	Note	31 March 2024	31 March 2023
Assets			
Non-current assets			
Property, plant and equipment	3 (a)	20,656	21,402
Capital work-in-progress	3 (a)	7,583	1,262
Right-of-use assets	3 (b)	1,874	558
Investment property	3 (c)	411	481
Other intangible assets	4 (a)	238	158
Intangible assets under development	4 (b)	13	-
Financial assets			
(i) Investments	5(a)	4,350	1,164
(ii) Derivative assets		1,847	841
(iii) Other financial assets	6(a)	325	1,358
Deferred tax assets (net)	7	498	795
Income tax assets (net)		1,889	1,368
Other non-current assets	8(a)	136	249
Total non-current assets		**39,820**	**29,637**
Current assets			
Inventories	9	2,340	3,328
Financial assets			
(i) Investments	5(b)	4,926	8,244
(ii) Trade receivables	10	4,275	4,844
(iii) Cash and cash equivalents	11(a)	666	721
(iv) Bank balances other than (iii) above	11(b)	4,616	4,372
(v) Derivative assets		656	460
(vi) Other financial assets	6(b)	293	629
Other current assets	8(b)	747	955
		18,519	**23,553**
Assets classified as held for sale	42	-	5,290
Total current assets		**18,519**	**28,843**
Total assets		**58,339**	**58,480**

Standalone Balance Sheet as at March 31, 2024

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

Particulars	Note	31 March 2024	31 March 2023
Equity and Liabilities			
Equity			
Equity share capital	12 (a)	4,020	4,014
Other equity	12 (b)	37,895	32,175
Total equity		**41,915**	**36,189**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	13(a)	1,000	4,890
(i)(a) Lease liabilities	34	1,619	513
(ii) Derivative liabilities		-	215
Provisions	14(a)	381	417
Other non-current liabilities	15(a)	2,438	2,564
		5,438	**8,599**
Current liabilities			
Financial liabilities			
(i) Borrowings	13(b)	417	863
(i)(a) Lease liabilities	34	288	120
(ii) Trade payables	16		
total outstanding dues of micro and small enterprises		190	166
total outstanding dues of creditors other than micro and small enterprises		2,350	2,438
(iii) Derivative liabilities		9	377
(iv) Other financial liabilities	17	562	438
Provisions	14(b)	678	481
Current tax liabilities (net)		462	127
Other current liabilities	15(b)	6,030	6,563
		10,986	**11,573**
Liabilities associated with assets classified as held for sale	42	-	2,119
Total current liabilities		**10,986**	**13,692**
Total equity and liabilities		**58,339**	**58,480**

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

As per our report of even date attached

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

G Prakash
Partner
Membership number: 099696

Bengaluru
Date: 24 April 2024

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

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Executive Director and Chief Financial Officer
DIN: 06959449

Priyadarshini Mahapatra
Company Secretary
FCS Number: F8786

Bengaluru
Date: 24 April 2024

Standalone Statement of Profit and Loss for the year ended 31 March 2024

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

Particulars	Note	Year ended 31 March 2024	Year ended 31 March 2023
Income			
Revenue from operations	18	32,031	31,935
Other income	19	880	709
Total income		**32,911**	**32,644**
Expenses			
Cost of chemicals, reagents and consumables consumed	20	8,391	9,022
Changes in inventories of finished goods and work-in-progress	21	566	(420)
Employee benefits expense	22	7,612	8,122
Finance costs	23	295	452
Depreciation and amortisation expense	24	3,689	3,591
Other expenses	25	6,112	5,450
Foreign exchange fluctuation loss/ (gain), net		562	418
Total expenses		**27,227**	**26,635**
Profit before tax and exceptional items		5,684	6,009
Exceptional items	35	111	-
Profit before tax		**5,573**	**6,009**
Tax expense	30		
Current tax		998	1,047
Deferred tax			
MAT credit entitlement		46	109
Other deferred tax		(136)	123
Total tax expense		**908**	**1,279**
Profit for the year		**4,665**	**4,730**
Other comprehensive income			
(i) Items that will not be reclassified subsequently to profit or loss			
Re-measurement on defined benefit plans		(21)	61
Changes in the Fair Value of equity investments at FVTOCI		(94)	109
Income tax effect		38	(37)
(ii) Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/(losses) on hedging instrument in cash flow hedges		1,995	(1,444)
Income tax effect		(487)	339
Net other comprehensive income to be reclassified subsequently to profit or loss		**1,431**	**(972)**
Total comprehensive income for the year		**6,096**	**3,758**
Earnings per equity share	37		
Basic (in Rs)		11.62	11.81
Diluted (in Rs)		11.61	11.72

As per our report of even date attached

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

G Prakash
Partner
Membership number: 099696

Bengaluru
Date: 24 April 2024

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

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Executive Director and Chief Financial Officer
DIN: 06959449

Priyadarshini Mahapatra
Company Secretary
FCS Number: F8786

Bengaluru
Date: 24 April 2024

Standalone Statement of Changes in Equity for the year ended as at March 31, 2024

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

(A) Equity share capital	31 March 2024	31 March 2023
Opening balance	4,014	4,008
Issue of shares during the year	6	6
Closing balance	**4,020**	**4,014**

(B) Other equity [refer note 12(b)]

Particulars	Reserves and surplus							Items of other comprehensive income		
	Securities premium	Capital reserve	Treasury shares	Retained earnings	Re-measurement on defined benefit plans	Special Economic Zone (SEZ) reinvestment reserve	Share based payments	Cash flow hedging reserves	Other items of other comprehensive income	Total other equity
Balance as at 1 April 2022	**1,711**	**-**	**(41)**	**25,733**	**(33)**	**-**	**870**	**672**	**-**	**28,912**
									-	
Profit for the year	-	-	-	4,730	-	-	-	-	-	4,730
Other comprehensive income, net of tax	-	-	-	-	48	-	-	(1,105)	85	(972)
Total comprehensive income for the year	**-**	**-**	**-**	**4,730**	**48**	**-**	**-**	**(1,105)**	**85**	**3,758**
Transactions recorded directly in equity							-		-	-
Exercise of share options	456	-	-	-	-	-	(456)	-	-	-
Purchase of treasury shares	-	-	(7)	-	-	-	-	-	-	(7)
Dividend including dividend distribution tax	-	-	-	(401)	-		-	-	-	(401)
Share based payment	-	-	-	-	-	-	214	-	-	214
Transfer to SEZ reinvestment reserve	-	-	-	(1,100)	-	1,100	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	1,100	-	(1,100)	-	-	-	-
Impact of common control business combination (refer note 41)	-	-	-	(301)	-	-	-	-	-	(301)
Balance as at 31 March 2023	**2,167**	**-**	**(48)**	**29,761**	**15**	**-**	**628**	**(433)**	**85**	**32,175**
							-		-	-
Profit for the year	-	-	-	4,665		-	-	-	-	4,665
Other comprehensive income, net of tax	-	-	-	-	(16)	-	-	1,508	(61)	1,431
Total comprehensive income for the year	**-**	**-**	**-**	**4,665**	**(16)**	**-**	**-**	**1,508**	**(61)**	**6,096**
Transactions recorded directly in equity										
Profit of the Trust	-	-	-	38	-	-				
Exercise of share options	510	-	-	-	-	-	(510)	-	-	-
Purchase of treasury shares	-	-	(6)	-	-	-	-	-	-	(6)
Dividend including dividend distribution tax	-	-	-	(503)	-	-	-	-	-	(503)
Share based payment	-	-	-	-	-	-	56	-	-	56
Transfer to SEZ reinvestment reserve	-	-	-	(650)	-	650	-	-	-	-
Transfer from SEZ reinvestment reserve	-	-	-	650	-	(650)	-	-	-	-
Impact of business combination (refer note 43)	-	39	-	-	-	-	-	-	-	39
Balance as at 31 March 2024	**2,677**	**39**	**(54)**	**33,961**	**(1)**	**-**	**174**	**1,075**	**24**	**37,895**

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached

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

G Prakash
Partner
Membership number: 099696

Bengaluru
Date: 24 April 2024

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

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Executive Director and Chief Financial Officer
DIN: 06959449

Priyadarshini Mahapatra
Company Secretary
FCS Number: F8786

Bengaluru
Date: 24 April 2024

Standalone Statement of Cash Flows for the year ended 31 March 2024

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

		Year ended 31 March 2024	Year ended 31 March 2023
I	**Cash flows from operating activities**		
	Profit for the year	4,665	4,730
	Adjustments to reconcile profit after tax to net cash flows		
	Depreciation and amortisation expense	3,689	3,591
	Loss on assets scrapped	25	75
	Provision for doubtful receivables	19	(17)
	Bad debts written off	6	10
	Share based compensation expense	(7)	214
	Interest expense	275	344
	Unrealised foreign exchange loss	(33)	245
	Net gain on sale of current investments	(130)	(106)
	Interest income	(591)	(603)
	Interest on income tax refund	(158)	-
	Reversal of inventory provisions due to change in accounting estimate	(203)	-
	Tax expenses	908	1,279
	Operating profit before working capital changes	**8,465**	**9,762**
	Movements in working capital		
	Decrease/ (increase) in inventories	1,191	(1,534)
	Decrease/ (increase) in trade receivables	588	71
	Decrease/ (increase) in other assets	1,040	(791)
	Increase/ (decrease) in trade payables, other liabilities and provisions	(1,166)	2,213
	Cash generated from operations	**10,118**	**9,721**
	Income taxes paid (net of refunds)	(984)	(1,337)
	Net cash flow generated from operating activities	**9,134**	**8,384**
II	**Cash flows from investing activities**		
	Payment for acquisition of business, net of cash acquired	(5,532)	(182)
	Receipt towards slump sale of business operations	3,171	-
	Purchase of property, plant and equipment	(3,509)	(5,214)
	Sale of property, plant and equipment	216	-
	Purchase of intangible assets	(163)	(117)
	Investment in equity shares	(3,780)	(249)
	Investment in bank deposits and inter corporate deposits	(12,346)	(11,282)
	Redemption/ maturity of bank deposits and inter corporate deposits	17,793	8,759
	Interest received	812	540
	Proceeds from sale of current investments	25,164	17,169
	Purchase of current investments	(25,660)	(16,306)
	Net cash flow used in investing activities	**(3,835)**	**(6,882)**
III	**Cash flows from financing activities**		
	Proceeds/ (repayments) of long term borrowings	(3,904)	-
	Proceeds/ (repayments) from short term borrowings, net	(452)	(2,581)
	Repayment of lease liabilities (principal), net	(322)	(76)
	Dividend paid	(503)	(401)
	Interest paid	(182)	(344)
	Net cash flow used in financing activities	**(5,363)**	**(3,402)**
IV	**Net increase/ (decrease) in cash and cash equivalents (I+II+III)**	**(64)**	**(1,900)**
V	Effect of exchange difference on cash and cash equivalents held in foreign currency	9	31
VI	Cash and cash equivalents at the beginning of the year	721	2,590
VII	**Cash and cash equivalents at the end of the year (IV+V+VI)**	**666**	**721**
	Components of cash and cash equivalents as at the end of the year		
	Cash on hand	- *	- *
	Balances with banks	666	721
	Total cash and cash equivalents [refer note 11(a)]	**666**	**721**
	Restricted cash balance [refer note 11 (ii)]	1	25

* Less than Rs. 0.5 million.

Standalone Statement of Cash Flows for the year ended 31 March 2024

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

Change in liability arising from financing activities

	1 April 2023	Cash Flow	Non cash movement	31 March 2024
Borrowings (including current maturities)	5,753	(4,356)	20	1,417
Lease liability (including current)	633	(322)	1,596	1,907
	6,386	**(4,678)**	**1,616**	**3,324**

	1 April 2022	Cash Flow	Non cash movement	31 March 2023
Borrowings (including current maturities)	7,896	(2,581)	438	5,753
Lease liability (including current)	2,320	(249)	(1,438)	633
	10,216	**(2,830)**	**(1,000)**	**6,386**

Note: a) Statement of Cash Flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

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

As per our report of even date attached

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

G Prakash
Partner
Membership number: 099696

Bengaluru
Date: 24 April 2024

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

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Executive Director and Chief Financial Officer
DIN: 06959449

Priyadarshini Mahapatra
Company Secretary
FCS Number: F8786

Bengaluru
Date: 24 April 2024

Notes to the Standalone financial statements for the year ended 31 March 2024

1. Company Overview

1.1 Reporting entity

Syngene International Limited ("Syngene" or "the Company"), is engaged in providing contract research and manufacturing services from lead generation to clinical supplies to pharmaceutical and biotechnology companies worldwide. Syngene's services include integrated drug discovery and development capabilities in medicinal chemistry, biology, in vivo pharmacology, toxicology, custom synthesis, process R&D, cGMP manufacturing, formulation and analytical development along with Clinical development services. The Company is a public limited company incorporated and domiciled in India and has its registered office in Bengaluru, Karnataka, India. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

1.2 Basis of preparation of financial statements

a) *Statement of compliance*

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2024. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 24 April 2024.

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

b) *Functional and presentation currency*

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest million, unless otherwise indicated.

c) *Current/non-current distinction*

An entity shall classify an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle

(b) it holds the asset primarily for the purpose of trading

(c) it expects to realise the asset within twelve months after the reporting period or

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7, Statement of Cash Flows) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets shall be classified as non-current.

An entity shall classify a liability as current when:

(a) it expects to settle the liability in its normal operating cycle

(b) it holds the liability primarily for the purpose of trading

(c) the liability is due to be settled within twelve months after the reporting period or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.

The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in the form of cash or cash equivalents. Where the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.

d) *Basis of measurement*

These standalone financial statements have been prepared on the historical cost basis (i.e. on accrual basis), except for the following items:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value; and
- Net defined benefit assets/(liability) are measured at fair value of plan assets, less present value of defined benefit obligations.

e) *Use of estimates and judgements*

The preparation of the standalone financial statements in conformity with Ind AS requires Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the period in which changes are made and their effects are disclosed in the notes to the standalone financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 2(a) and 28 — Financial instruments;
- Note 2(b), 2 (c) and 2(d) — Useful lives of property, plant and equipment, investment property and other intangible assets;
- Note 2(j) and 18 — Revenue Recognition: whether revenue from sale of compounds is recognised over time or at a point in time;
- Note 2(m), 30 and 31 — Provision for income taxes and related tax contingencies;
- Note 2(o) and 34 — Leases;
- Note 2(e) and 43 — Business Combination;

1.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a potentially significant impact in the year ended 31 March 2024 is included in the following notes:

— Note 2(g)(i) and 28 – impairment of financial assets;

— Note 2(g)(ii) – impairment of non-financial assets;

— Note 2(h) and 27 – measurement of defined benefit obligations: key actuarial assumptions;

— Note 7 and 30 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and

— Note 14 and 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

— Note 33 – share based payments.

1.4 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

— Note 2(a) and 28 – financial instruments;

— Note 2(c) and 3(c) – investment property; and

— Note 33 – share based payments.

2. Material accounting policies

a) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated and are measured at the transaction price. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

— amortised cost;

— Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or

— Fair Value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Investments in subsidiaries

Equity investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss. However, see Note 28 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses classifiable as borrowing costs in accordance with Ind AS 23, "Borrowing Costs" are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in statement of profit and loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to statement of profit and loss.

vi. Treasury shares

The Company has created an Employee Welfare Trust (EWT) for providing share-based payment to its employees. Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EWT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

The Company has adopted the policy to account for Employees Welfare Trust as a legal entity separate from the Company but as a subsidiary of the Company. Any loan from the Company to the trust is accounted for as a loan in accordance with its term.

vii. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash dividend to equity holders

The Company recognises a liability to make cash distribution to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

b) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of a self-constructed item of property, plant and equipment comprises its purchase price including import duty and non-refundable taxes or levies, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Expenditure incurred on startup and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method. Freehold land and land under perpetual lease are not depreciated.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Asset classification	Management estimate of useful life	Useful life as per Schedule II
Building	Building	25-30 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	Plant and equipment	9-14 years	8-20 years
Computers and servers	Plant and equipment	3 years	3-6 years
Office equipment	Office equipment	3 years	5 years
Furniture and fixtures	Furniture and fixtures	6 years	10 years
Vehicles	Vehicles	6 years	6-10 years
Leasehold improvements	Building or Plant and equipment	Useful life or lease period whichever is lower	

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/(upto) the date on which asset is ready for use/(disposed of).

iii. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

c) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Based on technical evaluation and consequent advice, the management believes a period of 3 to 25 years as representing the best estimate of the period over which investment property (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment property over a period of 3 to 25 years on a straight-line basis. The estimated useful life of assets in investment property are different from the indicative useful lives of relevant type of asset mentioned in Part C of Schedule II to the act as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Building	25 years	30 years
Plant and equipment (including electrical installation and laboratory equipment)	9-11 years	8-20 years
Computers	3 years	3-6 years
Office equipment	3 years	5 years
Furniture and fixtures	6 years	10 years

Any gain or loss on disposal of an investment property is recognised in statement of profit and loss.

d) Other intangible assets

Internally generated: Research and Development:

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

i. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on brands, is recognised in statement of profit and loss as incurred.

ii. Amortisation

Intangible assets are amortised on a straight line basis over the estimated useful life as follows:

— Computer software 5 years

— Intellectual property rights 5-10 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

e) Business combination

In accordance with Ind AS 103, Business combinations, the Company accounts for business combinations after acquisition date using the acquisition method when control is transferred to the Company. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration and deferred consideration, if any. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred.

Business combinations - common control transactions

Business combinations involving entities that are controlled by the Company are accounted for using the pooling of interests method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

f) *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity. Provisions are made towards slow-moving and obsolete items based on historical experience of utilisation.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Chemicals, reagents and consumables held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

g) *Impairment*

i. Impairment of financial assets

In accordance with Ind AS 109 'Financial Instruments', the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets measured at amortised cost.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

ii. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

The recoverable amount of a CGU (or an individual asset) is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to CGU (or the asset).

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) *Employee benefits*

i. Short-term employee benefits

All employee benefits falling due within twelve months from the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognised as expenses in the period in which the employee renders the related service and measured accordingly.

ii. Long-term employment benefit obligations:

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Gratuity

The Company provides for gratuity, a defined benefit plan ("the Gratuity Plan") covering the eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of the employment with the Company.

Liability with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method.

The Company recognises the net obligation of a defined benefit plan as a liability in its balance sheet. Gains or losses through re-measurement of the net defined benefit liability are recognised in other comprehensive income and are not reclassified to profit and loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in the statement of profit and loss.

Provident Fund

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Company has no further obligation to the plan beyond its monthly contributions. The Company's contribution to the provident fund is charged to Statement of Profit and Loss.

iii. Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised is the period in which the absences occur.

The liability in respect of all defined benefit plans and other long term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

iv. Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognised as an employee expense.

The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "share based payment reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

i) Provisions (other than for employee benefits)

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

j) *Revenue recognition:*

i. Contract research and manufacturing services income

The Company derives revenues primarily from Contract research and manufacturing services. Revenue is recognised upon transfer of control of promised services or compounds to customers in an amount that reflects the consideration we expect to receive in exchange for those services or compounds.

Arrangement with customers for Contract research and manufacturing services income are either on a time-and-material basis or fixed price.

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenue from contracts are recorded net of allowances for estimated rebates and cash discounts, as per contractual terms.

Revenues relating to fixed price contracts are recognised based on the milestones completion and for manufacturing services (large molecules) revenue is recognised based on the percentage of completion method determined based on cost incurred as a proportion to total estimated cost. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of contracts involving sale of compounds arising out of contract research, revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment to the customer/ customer's acceptance. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from such sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The Company collects Goods and Services Tax (GST) as applicable, on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

ii. Rental income

Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

iii. Contribution received from customers towards property, plant and equipment

Contributions received from customers towards items of property, plant and equipment which require an obligation to supply services to the customer in the future, are recognised as a credit to deferred revenue. The contribution received is recognised as revenue from operations over the useful life of the assets. The Company capitalises the gross cost of these assets as the Company controls these assets.

iv. Dividends

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

v. Interest Income

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

k) *Government grants*

The Company recognises Government grants only at their fair value when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are recognised as deferred income and amortised over the useful life of such asset. Grants related to income are recognised in statement of profit and loss as other operating revenues or deducted in reporting the related expense based on the terms of the grant, as applicable.

l) *Foreign currency Transactions and translations:*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognised in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

m) Income taxes

Income tax comprises of current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions.

Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements except when:

temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction; and

temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax assets is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

n) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

o) Leases

(i) The company as lessee:

The company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assesses whether a contract conveys the right to control use of an identified asset, the company assesses whether:

- The contract involves use of an identified asset;
- The company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The company has the right to direct the use of an asset.

At the date of commencement of lease, the company recognises a Right-of-use assets ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of- use assets if the company changes its assessment if whether it will exercise an extension or a termination of option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

(ii) The Company as a Lessor:

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating lease.

p) *Earnings per share*

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held and vested employee stock options (ESOPs). Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

q) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

r) *Non-current assets (or disposal groups) held for sale and discontinued operations*

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

s) *Exceptional items*

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

Notes to the standalone financial statements for the year ended 31 March 2024

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

3 (a) Property, plant and equipment and Capital work-in-progress

	Land [refer note (a)]	Buildings [refer note (c)]	Plant and equipment [refer note (b)]	Office equipments	Furniture and fixtures	Vehicles	Total	Capital work-in-progress
Gross carrying amount								
At 1 April 2022	703	6,520	27,631	192	724	39	35,809	3,464
Additions	-	368	5,413	2	227	2	6,012	4,316
Assets classified as held for sale		(122)	(2,773)	(12)	(133)	(1)	(3,041)	(507)
Disposals / other adjustments	-	(101)	(179)	(1)	-	(14)	(295)	(6,012)
At 31 March 2023	**703**	**6,665**	**30,092**	**181**	**818**	**26**	**38,485**	**1,262**
Additions(refer note 43)	-	141	2,629	2	68	17	2,857	9,178
Disposals	-	(7)	(1,441)	(9)	(38)	(5)	(1,500)	(2,857)
At 31 March 2024	**703**	**6,799**	**31,280**	**174**	**848**	**38**	**39,842**	**7,583**
Accumulated depreciation								
At 1 April 2022	-	1,314	12,673	167	404	22	14,580	-
Depreciation for the year	-	263	2,903	17	108	4	3,295	-
Assets classified as held for sale	-	(10)	(493)	(12)	(35)	(0)	(550)	-
Disposals	-	(72)	(156)	(1)	-	(13)	(242)	-
At 31 March 2023	-	1,495	14,927	171	477	13	17,083	-
Depreciation for the year	-	267	2,987	8	96	5	3,363	-
Disposals	-	(5)	(1,207)	(9)	(38)	(0)	(1,259)	-
At 31 March 2024	-	1,757	16,707	170	535	18	19,186	-
Net carrying amount								
At 31 March 2023	**703**	**5,170**	**15,164**	**10**	**339**	**13**	**21,402**	**1,262**
At 31 March 2024	**703**	**5,042**	**14,573**	**4**	**313**	**20**	**20,656**	**7,583**

Notes

a) Land includes land held on lease under perpetual basis: Gross carrying amount - Rs. 661 (31 March 2023 - Rs. 661).

b) Plant and equipment includes computers.

c) Buildings with a gross carrying amount of Rs. 4,312 as at 31 March 2024 (as at 31 March 2023 - Rs. 4,187) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited, the holding Company.

d) Additions to property, plant and equipment includes additions related to borrowing cost amounting to Rs. 3 (31 March 2023 - Rs. 72).

e) Refer note 13(i) and 13(ii) for secured borrowings obtained for Property, plant and equipment.

f) Refer note 31 (ii) for disclosure of contractual commitments for the acquisition of property, plant and equipment and capital work-in-progress.

Notes to the standalone financial statements for the year ended 31 March 2024

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

3 (a) Capital work-in-progress aging schedule:

31 March 2024	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	7,449	82	50	3	7,584
	7,449	**82**	**50**	**3**	**7,584**

31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	981	224	30	27	1,262
	981	**224**	**30**	**27**	**1,262**

(i) There are no capital work-in-progress whose completion has exceeded its cost compared to its original plan as on 31 March 2024 and as on 31 March 2023.

(ii) Capital work-in-progress whose completion is overdue to its original plan:

31 March 2024	Less than 1 year	1-2 years	2-3 years	More than 3 years	Expected Capitalisation date
Project 3	3	32	33	-	31 March 2025

31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Expected Capitalisation date
Project 3	73	-	-	-	30 September 2023
Project 4	297	-	-	-	30 June 2023
Project 5	21	-	-	-	31 October 2023

3 (b) Right-of-use assets

	Land	Buildings	Vehicles	Total
Gross carrying amount				
At 1 April 2022	367	2,096	55	2,518
Additions	-	110	37	147
Assets classified as held for sale		(1,757)	-	1,757
Disposals	-	(10)	(27)	(37)
At 31 March 2023	**367**	**439**	**65**	**871**
Additions	-	1,474	30	1,504
Disposals	-	-	(8)	(8)
At 31 March 2024	**367**	**1,913**	**87**	**2,367**
Accumulated depreciation				
At 1 April 2022	59	257	14	330
Depreciation for the year	39	116	16	170
Assets classified as held for sale		(175)		(175)
Disposals	-	1	(11)	(7)
At 31 March 2023	**98**	**199**	**19**	**313**
Depreciation for the year	28	130	24	184
Disposals	-	-	(5)	(5)
At 31 March 2024	**126**	**329**	**38**	**492**
Net carrying amount				
At 31 March 2023	**269**	**240**	**47**	**558**
At 31 March 2024	**241**	**1,584**	**49**	**1,874**

Notes to the standalone financial statements for the year ended 31 March 2024

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

3 (c) Investment property

	Buildings [refer note (b)]	Furniture and fixtures	Office equipments	Plant and equipment	Total
Gross carrying amount					
At 1 April 2022	**111**	**16**	**4**	**479**	**610**
Additions	35	42	0	87	164
At 31 March 2023	**146**	**58**	**4**	**566**	**774**
Additions	-	-	0	1	1
At 31 March 2024	**146**	**58**	**4**	**567**	**775**
Accumulated depreciation					
At 1 April 2022	**10**	**5**	**1**	**209**	**225**
Depreciation for the year	6	9	1	53	68
At 31 March 2023	**16**	**14**	**2**	**262**	**293**
Depreciation for the year	6	10	1	54	71
At 31 March 2024	**21**	**24**	**3**	**316**	**364**
Net carrying amount					
At 31 March 2023	**130**	**44**	**2**	**304**	**481**
At 31 March 2024	**125**	**34**	**1**	**251**	**411**

Particulars	31 March 2024	31 March 2023
Rental Income (Refer Note 18 "Other Operating Revenue")	278	336
Other Operating Income (Refer Note 18 "Other Operating Revenue")	68	67
Direct Operating Expenses (including repairs and maintenance) from property that generated rental income (Refer Note 25 "Other Expense")	(64)	(63)
Profit from investments before depreciation	**282**	**340**
Depreciation pertaining to property which generated rental income (Refer Note 24 "Depreciation")	(39)	(42)
Depreciation pertaining to property which did not generate rental income (Refer Note 24 "Depreciation")	(32)	(26)
Profit from Investment Properties	**212**	**272**

Note:

(a) Investment property with a gross carrying amount of Rs. 146 (31 March 2023 : Rs. 146) have been constructed on leasehold land obtained by the Company on lease basis from Biocon Limited.

(b) Refer note 31 (ii) for disclosure of contractual commitments for the acquisition of investment property.

(c) The fair value of investment property is Rs.411 (31 March 2023: Rs 481) based on market observable data. The Company has not engaged any registered valuer for determining the fair value

(d) The fair value measurement for investment property has been categorised as a level 3.

Notes to the standalone financial statements for the year ended 31 March 2024

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

4. Other intangible assets

	Computer software	Intellectual property rights	Total
Gross carrying amount			
At 1 April 2022	**378**	**120**	**498**
Additions	117	-	117
Assets classified as held for sale	(38)	-	(38)
Disposals	-	-	-
At 31 March 2023	**457**	**120**	**577**
Additions	150	-	150
Disposals	(1)	-	(1)
At 31 March 2024	**606**	**120**	**726**
Accumulated amortisation			
At 1 April 2022	**252**	**120**	**372**
Amortisation for the year	57	-	57
Assets classified as held for sale	(10)	-	(10)
Disposals	-	-	-
At 31 March 2023	**299**	**120**	**419**
Amortisation for the year	70	-	70
Disposals	(1)	-	(1)
At 31 March 2024	**369**	**120**	**488**
Net carrying amount			
At 31 March 2023	**158**	**-**	**158**
At 31 March 2024	**237**	**-**	**238**

(a) Refer note 31 (ii) for disclosure of contractual commitments for the acquisition of intangible assets.

4 (a) Intangible assets under development

	Total
Carrying amount	
At 1 April 2023	**-**
Additions	60
Disposals	(48)
At 31 March 2024 13	**13**

There were no intangible assets under development during the previous financial year.

Notes to the standalone financial statements for the year ended 31 March 2024

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

	31 March 2024	31 March 2023
5. Investments		
(a) Non-current investments		
Unquoted equity instruments of wholly owned subsidiary at cost:		
500 (31 March 2023: 500) Equity shares of USD 100 each in Syngene USA Inc., USA	3	3
84,000,000 (31 March 2023: 21,000,000) Equity shares of Rs. 10 each in Syngene Scientific Solutions Limited	840	210
1,000,000 (31 March 2023: 1,000,000) Equity shares of Rs. 10 each in Syngene Manufacturing Solutions Limited	10	10
Unquoted preference shares of wholly owned subsidiary at cost:		
315,000,000, (31 March 2023: Nil) 0.01% optionally convertible redeemable preference shares (OCRPS) of Rs 10 each in Syngene Scientific solutions Limited [refer note(iv) below]	3,150	-
Unquoted equity instruments carried at fair value through other comprehensive income:		
2,020 (31 March 2023: 2,020) Equity shares of Rs. 10 each in Immuneel Therapeutics Private Limited [refer note(i) below]	229	323
4,922,663 (31 March 2023: 4,922,663) Equity shares of Rs. 10 each in HR Kaveri Private Limited	49	49
Unquoted - In Others		
Investments carried at fair value through profit or loss:		
123,203 (31 March 2023: 123,203) Equity shares of Rs. 100 each in Four EF Renewables Private Limited	12	12
246,406 (31 March 2023: 246,406) Compulsory convertible preference shares of Rs. 100 each in Four EF Renewables Private Limited [refer note(ii) below]	25	25
858,000 (31 March 2023: 858,000) Equity shares of Rs. 10 each in O2 Renewable Energy II Prviate Limited	9	9
0.01% 20,020 (31 March 2023: 20,020) Compulsory convertible debentures of Rs. 1,000 each in O2 Renewable Energy II Prviate Limited [refer note(iii) below]	20	20
1,333,333 (31 March 2023: 150) Equity shares of Rs. 10 each in Ampyr Renewable Energy Resources Prviate Limited	13	- *
2,666,667 (31 March 2023: Nil) Compulsory convertible preference shares of Rs. 10 each in Ampyr Renewable Energy Resources Prviate Limited [refer note(v) below]	27	-
Less:Dimunition in the value of investments	(40)	-
Investments carried at amortized cost:		
Inter corporate deposits with financial institutions #	3	503
	4,350	**1,164**
Aggregate value of unquoted investments	**4,350**	**1,164**

**Less than Rs. 0.5 million.*

Note:

(i) In the year ended 31 March 2021, the Company invested Rs. 100 in Immuneel Therapeutics Private Limited (Immuneel). In the year ended 31 March 2022, additional funding from external investors were received by Immuneel resulting in a dilution of the Company's equity interest. The gain on fair valuation from Rs. 100 to Rs. 214 was recognised in other comprehensive income. During the year ended 31 March 2023, the Company, based on fair valuation recorded a fair value increase in its investment carrying value by Rs. 109. During the year ended 31 March 2024, the Company based on a fair valuation recorded a fair value decrease in its investment carrying value by Rs. 94.

(ii) Terms of conversion: 1 compulsory convertible preference share of face value Rs. 100/- each will convert to 1 equity share of face value Rs. 100/- at end of the tenure of 20 years from allotment.

(iii) Terms of conversion: 1 compulsory convertible debentures of face value Rs. 1000/- each will convert to 1 equity share of face value Rs. 100/- at end of the tenure of 20 years from allotment.

(iv) Terms of conversion/redemption: 1 optionally convertible redeemable preference shares of Rs 10 each will convert to 1 equity share of face value Rs. 10/- at any time during the tenure of 10 years from allotment. Redeemable at any time during the tenure of the OCRPS at its face value.

(v) Terms of conversion: 1 compulsory convertible preference share of face value Rs. 10/- each will convert to 1 equity share of face value Rs. 10/- at end of the tenure of 20 years from allotment.

Inter corporate deposits with financial institutions yield fixed interest rate.

Notes to the standalone financial statements for the year ended 31 March 2024

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

(b) Current investments

	31 March 2024	31 March 2023
Quoted - Investment in mutual funds at fair value through profit or Loss	2,102	1,476
Unquoted - In others - at amortised cost		
Inter corporate deposits with financial institutions *	2,824	6,768
	4,926	**8,244**

* Inter corporate deposits with financial institutions yield fixed interest rate.

	31 March 2024	31 March 2023
Aggregate book and market value of quoted investments	2,102	1,476
Aggregate value of unquoted investments	**2,824**	**6,768**

6. Other financial assets

	31 March 2024	31 March 2023
(a) Non-current		
Security deposits	323	108
Bank deposits with maturity of more than 12 months	2	1,250
	325	1,358
(b) Current		
Other receivables (refer note 26)	129	236
Interest accrued but not due	164	393
	293	**629**

7. Deferred tax assets (net) (refer note 30(b))

	31 March 2024	31 March 2023
Deferred tax assets		
MAT credit entitlement	1,571	1,618
Employee benefit obligations	194	164
Derivatives, net	-	154
Others	18	80
	1,783	**2,016**
Deferred tax liabilities		
Property, plant and equipment, investment property and other intangible assets, net	952	1,221
Derivatives, net	333	-
	1,285	**1,221**
Deferred tax assets (net)	**498**	**795**

8. Other assets

(Unsecured considered good, unless otherwise stated)

	31 March 2024	31 March 2023
(a) Non-current		
Capital advances	76	154
Balances with statutory / government authorities	15	15
Prepayments	46	80
	136	**249**
(b) Current		
Advances other than capital advances	387	292
Balances with statutory / government authorities	195	351
Prepayments	164	312
	747	**955**

9. Inventories

	31 March 2024	31 March 2023
Chemicals, reagents and consumables	1,968	2,390
Work-in-progress	239	733
Finished goods	133	205
	2,340	**3,328**

Notes to the standalone financial statements for the year ended 31 March 2024

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

Inventory obsolecence amounted to Rs 159 (31 March 2023: Rs 65) were recognised as an expense during the year and included in 'changes in inventories of finished goods and work-in-progress' in statement of profit and loss.

As the Company's business has now expanded into manufacturing and based on Company's experience, a revised inventory provisioning policy specific to manufacturing has been created with effect from 1 January 2024. Prior to this, the Company was applying its research inventory provisioning policy also to manufacturing. The impact of this change is to reverse inventory provisions created in prior quarters resulting in a net reversal of Rs 203 in the quarter ended 31 March 2024 which is a change in accounting estimate. Under the old policy, the manufacturing inventory provision as at 31 March 2024 would have been higher by Rs 578.

10. Trade receivables

	31 March 2024	31 March 2023
Unsecured *		
Considered good	4,275	4,844
Credit impaired	102	83
	4,377	**4,927**
Allowance for credit losses	(102)	(83)
	4,275	**4,844**

* Includes receivables from related parties [refer note 26]

(a) Aging schedule

31 March 2024	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 months	6 months – 1 year	1-2 years	Total
Undisputed trade receivables - considered good	494	2,918	741	64	58	4,275
Undisputed trade receivables - credit impaired	-	-	13	31	58	102
	494	**2,918**	**752**	**95**	**116**	**4,377**

31 March 2023	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 months	6 months – 1 year	1-2 years	Total
Undisputed trade receivables - considered good	988	2,996	735	112	13	4,844
Undisputed trade receivables - credit impaired	-	-	33	37	13	83
	988	**2,996**	**769**	**149**	**26**	**4,927**

(b) All trade receivables are current and undisputed.

(c) Trade receivables oustanding for period above 2 years from due date of payment is Rs. Nil (31 March 2023: Rs. Nil) for the year ended 31 March 2024.

(d) The Company's exposure to credit and currency risks and loss allowances are disclosed in note 28.

11. Cash and bank balances

	31 March 2024	31 March 2023
(a) Cash and cash equivalents		
Cash on hand	- *	- *
Balances with banks (on current accounts)	666	721
	666	**721**
(b) Bank balances other than above		
Deposits with remaining maturity of less than 12 months from year end	4,616	4,372
Total cash and bank balances	**5,282**	**5,093**

* Less than Rs. 0.5 million.

(i) The Company has balances with banks (on unpaid dividend account) which are not disclosed above since amounts are rounded off to Rupees million.

(ii) Cash and cash equivalents includes restricted cash and bank balances of Rs. 1 (31 March 2023: Rs. 25). The restrictions are primarily on account of bank balances held under Employee Welfare Trust.

Notes to the standalone financial statements for the year ended 31 March 2024

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

12(a).Equity share capital

	31 March 2024	31 March 2023
Authorised		
500,000,000 (31 March 2023: 500,000,000) equity shares of Rs 10 each (31 March 2023: Rs 10 each)	5,000	5,000
Issued, subscribed and fully paid-up		
402,015,000 (31 March 2023: 401,434,500) equity shares of Rs 10 each (31 March 2023: Rs 10 each)	4,020	4,014
	4,020	**4,014**

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

Equity shares	31 March 2024		31 March 2023	
	No.	Rs	No.	Rs
At the beginning of the year	401,434,500	4,014	400,796,500	4,008
Issue of shares [refer note 40]	580,500	6	638,000	6
At the end of the year	**402,015,000**	**4,020**	**401,434,500**	**4,014**

(ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31 March 2024		31 March 2023	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Biocon Limited (holding company) [includes issue of bonus shares Biocon Limited [refer note (vi) below]	219,185,608	54.52%	219,185,608	54.60%

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

	31 March 2024		31 March 2023	
	No.	% holding	No.	% holding
Equity shares of Rs 10 each fully paid				
Biocon Limited (holding company) [includes issue of bonus shares Biocon Limited [refer note (vi) below]	219,185,608	54.52%	219,185,608	54.60%

(v) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2020
Equity shares allotted as fully paid bonus shares by capitalization of general reserve and surplus in statement of profit and loss [refer note (vi) below]	-	-	-	-	200,000,000

(vi) Issue of bonus shares

The shareholders approved through postal ballot on 13 July 2019, the issue of fully paid up bonus shares of face value of Rs. 10/- each in the ratio of 1:1 by capitalisation of general reserves and surplus in statement of profit and loss.

(vii) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 33.

Notes to the standalone financial statements for the year ended 31 March 2024

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

(viii) Shares held by promoters

Promoter Name	At 1 April 2023	Change during the year	At 31 March 2024	% of Total Shares	% change during the year
Kiran Mazumdar Shaw	21,964	-	21,964	0.01%	0.00%
Ravi R Mazumdar	8,806	-	8,806	0.00%	0.00%
Dev Mazumdar	13,686	-	13,686	0.00%	0.00%
Biocon Limited	219,185,608	-	219,185,608	54.52%	0.00%
Biocon Employee Welfare Trust	1,091,447	(37,814)	1,053,633	0.26%	-0.01%
	220,321,511	**(37,814)**	**220,283,697**	**54.79%**	**-0.01%**

Promoter Name	At 1 April 2022	Change during the year	At 31 March 2023	% of Total Shares	% change during the year
Kiran Mazumdar Shaw	15,276	6,688	21,964	0.01%	0.00%
Yamini R Mazumdar	20,060	(20,060)	-	0.00%	0.00%
Ravi R Mazumdar	2,120	6,686	8,806	0.00%	0.00%
Dev Mazumdar	7,000	6,686	13,686	0.00%	0.00%
Biocon Limited	280,974,772	(61,789,164)	219,185,608	54.60%	-15.39%
Biocon Employee Welfare Trust	1,178,733	(87,286)	1,091,447	0.27%	-0.02%
	282,197,961	**(61,876,450)**	**220,321,511**	**54.88%**	**-15.41%**

The Company has only one class of equity shares having a par value of Rs. 10 per share.

12(b). Other equity

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Reserve

The amount represents surplus of fair value of tangible assets and other balances taken over compared to the purchase price in relation to the acquisition through slump sale of Unit 3 biologics manufacturing facility in Bangalore, India, from Stelis Biopharma Limited (SBL)(refer note 43).

Retained earnings

The amount represents surplus in statement of profit and loss not transferred to any reserve and can be distributed by the Company as dividends / issue of bonus shares to its equity shareholders. The amount also includes retained earnings of Syngene Employee Welfare Trust.

Treasury shares

The amount represents cost of own equity instruments that are acquired [treasury shares] by the ESOP trust and is disclosed as a deduction from other equity.

Re-measurement on defined benefit plans

The amount represents re-measurements of defined benefit plans owing to Actuarial (gain) / loss arising from: Demographic assumptions, Financial assumptions and Experience adjustment along with re-measurement on account of return on plan assets, excluding amounts included in interest expense / (income).

Special Economic Zone (SEZ) reinvestment reserve

The SEZ Re-Investment reserve has been created out of profit of eligible SEZ units in terms of the provisions of Section 10AA(1)(ii) of the Income-Tax Act, 1961. The reserve has been utilised for acquiring new plant and machinery for the purpose of its business in terms of section 10AA(2) of the Income-Tax Act, 1961.

Share based payment reserve

The Company has established share based payment plan for certain categories of employees of the Company. Also refer Note 33 for further details on these plans.

Cash flow hedging reserves

The cash flow hedging reserve represents the cumulative effective portion of gains or losses (net of tax) arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Any reclassification of amounts from other comprehensive income to profit and loss will reduce the cumulative effective portion.

Other Items of other comprehensive income

Other Items of other comprehensive income represents re-measurements of the equity instruments at fair value through OCI.

Notes to the standalone financial statements for the year ended 31 March 2024

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

13. Borrowings

	31 March 2024	31 March 2023
(a) Non-current borrowings		
Term loans from banks		
External commercial borrowings (secured) [refer note (i) below]	-	3,493
Foreign currency term loan (secured) [refer note (ii) below]	1,000	1,397
	1,000	**4,890**
(b) Current borrowings		
Term loans from banks:		
External commercial borrowings (secured) [refer note (i) below]	-	616
Foreign currency term loan (secured) [refer note (ii) below]	417	247
	417	**863**
The above amount includes		
Secured borrowings	1,417	5,753
Unsecured borrowings	-	-
	1,417	**5,753**

Notes:

(i) The Company entered into an external commercial borrowing agreement dated September 21, 2020, to obtain a USD 50 million (Rs. 4,109) term loan facility. This facility was utilized to finance capital expenditures at the Bengaluru, Hyderabad, and Mangaluru premises of the Company, as intended. The loan carried an interest rate of Libor + 1.30% and was scheduled to be repaid in three installments: USD 7.5 million in September 2023, USD 12.5 million in September 2024, and USD 30 million in September 2025. The facility was secured by a first priority pari passu charge on fixed assets (movable plant and machinery) and a second charge on the Company's current assets. The Company remained compliant with the financial covenants stipulated under the agreement. The first installment was paid as per the schedule. However, the remaining loan amount was pre-closed on October 3, 2023.

(ii) The Company had entered into a foreign currency term loan agreement dated March 30, 2021, to borrow USD 20 million (Rs. 1,644) for a term loan facility. The facility is borrowed to incur capital expenditure at the Bengaluru, Hyderabad and Mangaluru premises of the Company and was used for this specific purpose. The facility carries an interest rate of 6M SOFR + 1.17% and is to be paid in three instalments of 15%, 25% and 60% from the end of 3 years, 4 years and 5 years respectively from the origination date. The facility is secured by first priority pari passu charge on fixed assets (movable plant and machinery) and second charge on current assets of the Company. The Company is compliant with the financial covenants stipulated under the agreement.

14. Provisions

	31 March 2024	31 March 2023
(a) Non-current		
Provision for employee benefits		
Gratuity (refer note 27)	381	417
	381	**417**
(b) Current		
Provision for employee benefits		
Gratuity (refer note 27)	191	73
Compensated absences (refer note 27)	486	408
	678	**481**

15. Other liabilities

	31 March 2024	31 March 2023
(a) Non-current		
Deferred revenues	2,438	2,564
	2,438	**2,564**
(b) Current		
Advances from customers	4,986	5,310
Deferred revenues	511	743
Others		
- Statutory dues	177	172
- Other dues	356	338
	6,030	**6,563**

Notes to the standalone financial statements for the year ended 31 March 2024

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

16. Trade payables

	31 March 2024	31 March 2023
Trade payables [refer note (a) below and note 26]		
Total outstanding dues of micro and small enterprises	190	166
Total outstanding dues of creditors other than micro and small enterprises	2,350	2,438
	2,540	**2,604**

(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act")

	31 March 2024	31 March 2023
(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	190	166
- Interest due on above	-*	-*
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	205	395
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-*	-*
(iv) Interest accrued and remaining unpaid at the end of the year	-*	-*
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	12	12

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors.

* Less than Rs. 0.5 million.

(b) Aging schedule:

31 March 2024	Unbilled	Outstanding for following periods from due date of payment Not due	Less than 1 year	More than 1 year	Total
Total outstanding dues of micro and small enterprises	-	188	1	*	190
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,546	592	203	10	2,350
	1,546	**780**	**204**	**10**	**2,540**

31 March 2023	Unbilled	Outstanding for following periods from due date of payment Not due	Less than 1 year	More than 1 year	Total
Total outstanding dues of micro and small enterprises	-	166	-	-	166
Total outstanding dues of creditors other than micro and small enterprises	1,468	621	341	7	2,438
	1,468	**787**	**341**	**7**	**2,604**

* Less than Rs. 0.5 million.

(c) All trade payables are current and undisputed. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 28.

17. Other financial liabilities

	31 March 2024	31 March 2023
Current		
Payable for capital goods	462	438
Payable towards purchase consideration	100	-
	562	**438**

Notes to the standalone financial statements for the year ended 31 March 2024

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

18. Revenue from operations

	Year ended 31 March 2024	Year ended 31 March 2023
Contract research and manufacturing services income	30,635	30804
Other operating revenues		
Scrap sales	31	50
Others [refer note (a) below]	1,364	1,081
	32,031	**31,935**

Note:

(a) Others include income from support services, rentals by the SEZ Developer and recognition of deferred revenue for assets funded by customers over the useful life.

(b) The company does not have any allowances or returns. Hence no reconciliation of variable consideration is presented.

18.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

	Year ended 31 March 2024	Year ended 31 March 2023
Revenues from Contract research and manufacturing services income by geography		
India	830	722
United States of America	20,411	22,288
Europe	7,718	5,711
Rest of the world	1,676	2,083
	30,635	**30,804**
Revenue from other sources		
Other operating revenues	1,395	1,131
	1,395	**1,131**
Total revenue from operations	**32,031**	**31,935**

Geographical revenue is allocated based on the location of the customers.

	Year ended 31 March 2024	Year ended 31 March 2023
Revenues from Contract research and manufacturing services income by		
Timing of recognition		
Revenue recognised at a point of time	26,875	31,866
Revenue recognised over a period of time	5,156	69
Total revenue from operations	**32,031**	**31,935**
	1,395	1,131

18.2 Contract balances

	Year ended 31 March 2024	Year ended 31 March 2023
Trade receivables [refer note (i) below]	4,275	4,844
Contract liabilities [refer note (ii) below]	7,935	8,617

Notes:

(i) Trade receivables are non-interest bearing.

(ii) Contract liabilities include advances from customers and deferred revenues.

Notes to the standalone financial statements for the year ended 31 March 2024

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

18.3 Changes in Contract liabilities - advances from customers and deferred revenues

	Year ended 31 March 2024	Year ended 31 March 2023
Balance at the beginning of the year	**8,617**	7,302
Add: Increase due to invoicing during the year	5,610	8,679
Less: Revenue recognised from advances from customers and deferred revenue at the beginning of the year	(5,007)	(3,482)
Less: Amounts recognised as revenue during the year	(1,286)	(3,882)
Balance at the end of the year	**7,935**	**8,617**
Expected revenue recognition from remaining performance obligations:		
- Within one year	5,497	6,053
- More than one year	2,438	2,564
	7,935	**8,617**

18.4 Reconciliation of revenue recognised with contract price:

	Year ended 31 March 2024	Year ended 31 March 2023
Revenue as per contracted price	**32,068**	**31,971**
Adjustments for:		
Discount/Rebates	(38)	(36)
Total Revenue from contract with customers	**32,031**	**31,935**

18.5 Performance obligation:

In relation to information about the Company's performance obligations in contracts with customers refer note 2(j).

19. Other income

	Year ended 31 March 2024	Year ended 31 March 2023
Interest income on:		
Deposits with banks and financial institutions	582	594
Lease deposits	9	9
Tax refunds	158	-
Net gain on sale of current investments	130	106
Other non-operating income	1	-
	880	**709**

20. Cost of chemicals, reagents and consumables consumed

	Year ended 31 March 2024	Year ended 31 March 2023
Inventory at the beginning of the year	2,390	1,276
Add : Purchases	7,969	10,136
Less: Inventory at the end of the year	(1,968)	(2,390)
	8,391	**9,022**

Notes to the standalone financial statements for the year ended 31 March 2024

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

21. Changes in inventories of finished goods and work-in-progress

	Year ended 31 March 2024	Year ended 31 March 2023
Inventories at the beginning of the year		
Work-in-progress	733	397
Finished goods	205	121
	938	**518**
Inventories at the end of the year		
Work-in-progress	239	733
Finished goods	133	205
	372	**938**
	566	**(420)**

22. Employee benefits expense

	Year ended 31 March 2024	Year ended 31 March 2023
Salaries, wages and bonus	6,774	7,033
Contribution to provident fund and other funds	315	319
Gratuity expenses (refer note 27)	111	108
Share based compensation expense (refer note 33)	(7)	214
Staff welfare expenses	419	448
	7,612	**8,122**

23. Finance costs

	Year ended 31 March 2024	Year ended 31 March 2023
Interest expense on:		
Borrowings	182	182
Lease liabilities [refer note 34]	92	162
Exchange difference to the extent considered as an adjustment to borrowing cost	21	108
	295	**452**

24. Depreciation and amortisation expense

	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation of property, plant and equipment [refer note 3 (a)]	3,363	3,296
Depreciation of right-of-use assets [refer note 3 (b)]	184	170
Depreciation of investment property [refer note 3 (c)]	71	68
Amortisation of other intangible assets [refer note 4]	70	57
	3,687	**3,591**

Notes to the standalone financial statements for the year ended 31 March 2024

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

25. Other expenses

	Year ended 31 March 2024	Year ended 31 March 2023
Rent	53	44
Communication expenses	36	76
Travelling and conveyance	432	434
Professional charges	1,850	1,093
Payments to auditors [refer note (a) below]	11	9
Directors' fees including commission	67	56
Power and fuel	542	692
Facility charges	282	317
Insurance	232	234
Rates and taxes	78	102
Repairs and maintenance		
Plant and machinery	1,312	1,119
Buildings	101	91
Others	507	556
Selling expenses		
Freight outwards and clearing charges	15	34
Sales promotion expenses	147	146
Provision for doubtful receivables	19	-
Bad debts written off	6	10
Less: Provision no longer required written back	-	(17)
Printing and stationery	35	39
Clinical trial expenses	72	100
Corporate social responsibility expenses (refer note 36)	101	98
Loss on assets scrapped	25	75
Miscellaneous expenses	192	142
	6,112	**5,450**
(a) Payments to auditors:		
As an auditor:		
Statutory audit	6	5
Tax audit	1	1
Limited review	3	2
In other capacity:		
Other services (certification fees)	-*	-*
Reimbursement of expenses	1	1
	11	**9**

* Less than Rs. 0.5 million.

Notes to the standalone financial statements for the year ended 31 March 2024

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

26. Related party transactions

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

List of Related parties

Particulars	Nature of relationship
A. Key management personnel	
Kiran Mazumdar Shaw	Chairperson
Jonathan Hunt	Managing Director and Chief Executive Officer
Catherine Rosenberg	Non-executive director
Carl Decicco	Independent director (till 28 February 2022)
	Non-executive director (from 01 March 2022 till 25 October 2023)
Sharmila Abhay Karve	Independent director
Paul Blackburn	Independent director
Vijay Kuchroo	Independent director
Vinita Bali	Independent director
Kush Parmar	Independent director
Nilanjan Roy	Independent director (w.e.f. 01 April 2024)
Sibaji Biswas	Chief Financial officer
	Executive director (w.e.f.01 April 2024)
Priyadarshini Mahapatra	Company Secretary
B. Holding company	
Biocon Limited	Holding Company
C. Subsidiaries	
Syngene USA Inc.,	Wholly-owned subsidiary
Syngene Scientific Solutions Limited	Wholly-owned subsidiary (w.e.f. 10 August 2022)
Syngene Manufacturing Solutions Limited	Wholly-owned subsidiary (w.e.f. 26 August 2022)
D. Fellow subsidiaries	
Biocon Biologics Limited	Fellow subsidiary
Biocon SDN. BHD	Fellow subsidiary
Biocon Biologics UK Limited	Fellow subsidiary
Biocon Biologics Inc.,	Fellow subsidiary
Biocon Biologics Do Brasil Ltda	Fellow subsidiary
Biocon Biologics FZ-LLC	Fellow subsidiary
Biocon Biologics Healthcare Malaysia SDN. BHD (formerly known as Biocon Healthcare SDN. BHD)	Fellow subsidiary
Biofusion Therapeutics Limited	Fellow subsidiary
Biocon Biosphere Limited	Fellow subsidiary
Biocon Pharma Limited	Fellow subsidiary
Biocon Pharma Inc.	Fellow subsidiary
Biocon Pharma Ireland Limited	Fellow subsidiary
Biocon Pharma Malta Limited	Fellow subsidiary
Biocon Pharma Malta I Limited	Fellow subsidiary
Biocon Pharma UK Limited	Fellow subsidiary
Biocon SA	Fellow subsidiary
Biocon FZ LLC	Fellow subsidiary
Biocon Academy	Fellow subsidiary
Biosimilar Collaborations Ireland Limited	Fellow subsidiary (w.e.f 29 November 2022)
Biosimilar Newco Limited,UK	Fellow subsidiary (w.e.f 29 November 2022)
Biocon Biologics Canada Inc.	Fellow subsidiary (w.e.f 20 March,2023)
Biocon Biologics Germany GmBH	Fellow subsidiary (w.e.f 29 March,2023)
Bicon Biologics France S.A.S	Fellow subsidiary (w.e.f 14 April,2023)
Biocon Biologics Spain, S.L	Fellow subsidiary (w.e.f 21 April,2023)
Biocon Biologics Switzerland AG	Fellow subsidiary (w.e.f 25 April,2023)

Notes to the standalone financial statements for the year ended 31 March 2024

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

Particulars	Nature of relationship
Biocon Biologics Belgium BV	Fellow subsidiary (w.e.f 28 April,2023)
Biocon Biologics Finland OY	Fellow subsidiary (w.e.f 10 May,2023)
Biocon Generics Inc.	Fellow subsidiary (w.e.f 07 July,2023)
Biocon Biologics Morocco S.A.R.L.A.U	Fellow subsidiary (w.e.f 24 July,2023)
Biocon Biologics Greece SINGLE MEMBER P.C	Fellow subsidiary (w.e.f 27 July,2023)
Biocon Biologics South Africa (PTY) Ltd	Fellow subsidiary (w.e.f 11 August,2023)
Bicon Biologics (Thailand) Co. Ltd	Fellow subsidiary (w.e.f 08 September,2023)
Bicon Biologics Italy S.R.L	Fellow subsidiary (w.e.f 27 December,2023)
Bicon Biologics Philippines Inc.	Fellow subsidiary (w.e.f 25 October,2023)
Bicon Biologics Croatia LLC	Fellow subsidiary (w.e.f 18 January,2024)
E. Other related parties	
Bicara Therapeutics Inc.	Associate of Holding Company
Biocon Foundation	Trust in which a director is a trustee
Narayana Hrudayalaya Limited	Enterprise in which a director of the Company is a member of board of directors
Jeeves	Enterprise in which relative to a director of the Company is proprietor
Immuneel Therapeutics Private Limited	Enterprise in which a director of the Company is a member of board of directors
NeoBiocon FZ LLC	Joint venture of Holding Company

Notes to the standalone financial statements for the year ended 31 March 2024

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

The Company has the following related parties transactions and balances

Particulars	Transactions / Balances	31 March 2024	31 March 2023
Key management personnel	Salary and perquisites [refer note (i) & (ii) below]	222	176
	Sitting fees and commission	62	56
	Outstanding as at the year end		
	- Trade and other payables	12	14
	- Provision for gratuity and compensated absences [Refer note (i)]	19	-
Holding company	Rent	144	56
	Power and facility charges [refer note (iii) below]	277	313
	Purchase of goods	-	3
	Other expenses reimbursed by the company	181	176
	Sale of services	23	8
	Other expenses incurred on behalf of Holding company	4	1
	Guarantee given to Central Excise Department	-	148
	Outstanding as at the year end		
	- Rent deposits	21	23
	- Trade and other payables	160	103
	- Trade and other receivables	33	13
Wholly-owned subsidiaries	Business support services received	607	443
	Other expenses incurred on behalf of Wholly-owned subsidiaries	218	48
	Other expenses reimbursed by the company	- *	- *
	Purchase of goods	282	-
	Rent and facility services	- *	- *
	Sale of services	177	-
	Remittance of collection from trade receivables of wholly owned subsidiary	471	-
	Investment in wholly owned subsidiaries	3,780	220
	Outstanding as at the year end		
	- Trade and other payables	235	117
	- Trade and other receivables	257	73
	- Rent deposits	- *	- *
Fellow subsidiaries	Business purchase-	-	182
	Sale of services	90	156
	Rent and facility services	303	314
	Other expenses incurred on behalf of fellow subsidiaries	84	92
	Other expenses reimbursed by the company	-	13
	Purchase of goods	-	10
	Outstanding as at the year end		
	- Trade and other payables	3	-
	- Trade and other receivables	155	268
Other related parties	Sale of services	922	440
	Health services availed	2	3
	Contribution towards CSR	87	112
	Staff welfare expenses	3	3
	Provision for doubtful receivables	-	(88)
	Revaluation of investment	(94)	-
	Outstanding as at the year end		
	- Trade and other payables	-	-
	- Trade and other receivables	190	210

* Less than Rs. 0.5 million

Notes to the standalone financial statements for the year ended 31 March 2024

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

(i) The remuneration to the key managerial personnel does not include the provisions made for gratuity and compensated absences, as they were earlier determined on an actuarial basis for the Company as a whole. However, the Company has undertaken actuarial valuations for the provisions made for gratuity and compensated absences attributable to the key managerial personnel as at 31 March 2024 amounting to Rs. 19.

(ii) Share based compensation expense allocable to key management personnel is Rs. 25 (31 March 2023 : Rs. 53), which is included in the remuneration disclosed above.

(iii) Effective from 1 October 2006, the Company has entered into an arrangement for lease of land on lease basis and a service agreement with 'Biocon SEZ Developer' of Biocon Limited for availing certain facilities and services. The facility charges of Rs. 193 (31 March 2023 : Rs. 282) and power charges (including other charges) of Rs. 84 (31 March 2023 : Rs. 31) have been charged by Biocon Limited for the year ended 31 March 2024.

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

-Biocon Biologics Inc.
-Biocon Biologics Do Brasil Ltda
-Biocon Biologics FZ-LLC
-Biocon Pharma UK Limited
-Biocon Biosphere Limited
-Biocon Pharma Inc.
-Biosimilar Newco Limited
-Biocon Biologics Canada Inc.
-Biocon Biologics Germany GmBH
-Bicon Biologics France S.A.S.
-Biocon Biologics Spain, S.L
-Biocon Biologics Switzerland AG
-Biocon Biologics Belgium BV
-Bicon Biologics Italy S.R.L
-Bicon Biologics Philippines Inc.
-Biocon Pharma Ireland Limited
-Biocon Pharma Malta Limited
-Biocon Pharma Malta I Limited
-Biocon Biologics Healthcare Malaysia SDN. BHD
-Biocon SA
-Biocon FZ LLC
-Biosimilar Collaborations Ireland Limited
-Biocon Biologics Finland OY
-Biocon Generics Inc.
-Biocon Biologics Morocco S.A.R.L.A.U
-Biocon Biologics Greece SINGLE MEMBER P.C
-Biocon Biologics South Africa (PTY) Ltd
-Biocon Biologics (Thailand) Co. Ltd
-Bicon Biologics Croatia LLC

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

(vi) All outstanding balances are unsecured and repayable in cash.

(vii) Effective from 01 April 2023, the company entered into slump sale arrangement with Syngene Scientific Solutions Limited ("SSSL"), a wholly owned subsidiary of the Company for the transfer of operations of the Company in Hyderabad (Refer Note 42).

27. Employee benefit plans

(i) The Company has a defined benefit gratuity plan as per the Payment of Gratuity Act, 1972 ('Gratuity Act'). Under the Gratuity Act, employee who has completed five years of service is entitled to specific benefit with no monetary limit. The level of benefit provided depends on the employee's length of service and salary at retirement/termination age. The gratuity plan is a funded plan and the Company makes contributions to a recognised fund in India.

The plan assets are maintained with HDFC Life Insurance Company Limited (HDFC Life) in respect of gratuity scheme for employees of the Company. The details of investments maintained by the HDFC Life are not available with the Company and not disclosed. The expected rate of return on plan assets is 7.31% p.a. (31 March 2023: 7.31% p.a.). The Company actively monitors how the duration and expected yield of the investments are matching the expected outflows arising from the employee benefit obligations.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

The Company expects to pay INR 191 in contributions to its defined benefit plans in 2024-25.

Notes to the standalone financial statements for the year ended 31 March 2024

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

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2023	**493**	**(3)**	**490**
Current service cost	73	-	73
Interest cost	38	- *	37
Amount recognised in Statement of profit and loss	**111**	**-**	**111**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	- *
Actuarial (gain) / loss arising from:			
Demographic assumptions	-	-	-
Financial assumptions	4	-	4
Experience adjustment	17	-	17
Amount recognised in other comprehensive income	**21**	**-**	**21**
Benefits paid	(49)	-	(49)
Liability Transferred Out/ Divestments	-	-	-
Balance as at 31 March 2024	**576**	**(3)**	**573**

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/liability
Balance as on 1 April 2022	**521**	**(3)**	**518**
Current service cost	78	-	78
Interest cost	30	-	30
Amount recognised in Statement of profit and loss	**108**	**-**	**108**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)	-	- *	-*
Actuarial (gain) / loss arising from:			
Demographic assumptions	(10)	-	(10)
Financial assumptions	(50)	-	(50)
Experience adjustment	(1)	-	(1)
Amount recognised in other comprehensive income	**(61)**	**-**	**(61)**
Benefits paid	(58)	-	(58)
Liability acquired through slump sale	8	-	8
Liabilities associated with assets classified as held for sale	(20)	-	(20)
Balance as at 31 March 2023	**493**	**(3)**	**490**

* Less than Rs. 0.5 million.

	31 March 2024	31 March 2023
Non current	381	417 #
Current	191	73
	572	**490**

Excludes the grautity classified as held for sale for Rs. 20. Refer note 42

Notes to the standalone financial statements for the year ended 31 March 2024

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

(ii)

The assumptions used for gratuity valuation are as below:	31 March 2024	31 March 2023
Interest rate	7.3%	7.3%
Discount rate	7.3%	7.3%
Expected return on plan assets	7.3%	7.3%
Salary increase	8.0%	8.0%
Attrition rate (based on Age of the Employee)	9% - 22%	9% - 22%
Retirement age - Years	58	58

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables.

The weighted average duration of the defined benefit obligation was 6 years (31 March 2023 - 6 years).

The defined benefit plan exposes the Company to actuarial risks, such as interest rate risk.

(iii) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis does not recognise the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are as below:

	31 March 2024		31 March 2023	
Particulars	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	(27)	30	(24)	27
Salary increase	29	(27)	26	(24)
Attrition rate	(3)	4	(3)	3

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

Maturity profile of defined benefit obligation

Particulars	31 March 2024	31 March 2023
1st Following year	86	73
2nd Following year	73	69
3rd Following year	66	63
4th Following year	69	57
5th Following year	61	59
Years 6 to 10	233	210
Years 11 and above	299	268

(iv) Risk Exposure

These defined benefit plans typically expose the Company to actuarial risks as under :

a) Interest rate risk: A decrease in bond interest rate will increase the plan liability.

b) Longevity risk: The present value of the defined plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy will increase the plan's liability.

c) Salary risk: Higher than expected increase in salary will increase the defined benefit obligation.

(v) Other long term benefits

Present value of other long term benefits (i.e. compensated absences) obligations at the end of the year :

Particulars	31 March 2024	31 March 2023
Compensated absences	486	408#

Excludes the compensated absences classified as held for sale for Rs. 29. Refer note 42

Notes to the standalone financial statements for the year ended 31 March 2024

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

28. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

31 March 2024	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	66	278	3	347	-	-	344	344
Derivative assets (non-current)	-	1,847	-	1,847	-	1,847	-	1,847
Other financial assets (non-current)	-	-	325	325	-	-	-	-
Investments (current)	2,102	-	2,824	4,926	2,102	-	-	2,102
Trade receivables	-	-	4,275	4,275	-	-	-	-
Cash and cash equivalents	-	-	666	666	-	-	-	-
Bank balances other than above	-	-	4,616	4,616	-	-	-	-
Derivative assets (current)	-	656	-	656	-	656	-	656
Other financial assets (current)	-	-	293	293	-	-	-	-
	2,168	**2,781**	**13,002**	**17,950**	**2,102**	**2,503**	**344**	**4,949**
Financial liabilities								
Borrowings (non-current)	-	-	1,000	1,000	-	-	-	-
Lease liabilities (non-current)	-	-	1,619	1,619	-	-	-	-
Derivative liabilities (non-current)	-	-	-	-	-	-	-	-
Borrowings (current)	-	-	417	417	-	-	-	-
Lease liabilities (current)	-	-	288	288	-	-	-	-
Trade payables	-	-	2,540	2,540	-	-	-	-
Derivative liabilities (current)	-	9	-	9	-	9	-	9
Other financial liabilities (current)	-	-	562	562	-	-	-	-
	-	**9**	**6,426**	**6,435**	**-**	**9**	**-**	**9**

31 March 2023	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments (non-current)#	66	372	503	1,164	-	-	438	438
Derivative assets (non-current)	-	841	-	841	-	841	-	841
Other financial assets (non-current)	-	-	1,358	1,358	-	-	-	-
Investments (current)	1,476	-	6,768	8,244	1,476	-	-	1,476
Trade receivables	-	-	4,844	4,844	-	-	-	-
Cash and cash equivalents	-	-	721	721	-	-	-	-
Bank balances other than above	-	-	4,372	4,372	-	-	-	-
Derivative assets (current)	-	460	-	460	-	460	-	460
Other financial assets (current)	-	-	629	629	-	-	-	-
	1,542	**1,673**	**19,195**	**22,633**	**1,476**	**1,301**	**438**	**3,215**
Financial liabilities								
Borrowings (non-current)	-	-	4,890	4,890	-	-	-	-
Lease liabilities (non-current)	-	-	513	513	-	-	-	-
Derivative liabilities (non-current)	-	215	-	215	-	215	-	215
Borrowings (current)	-	-	863	863	-	-	-	-
Lease liabilities (current)	-	-	120	120	-	-	-	-
Trade payables	-	-	2,604	2,604	-	-	-	-
Derivative liabilities (current)	-	377	-	377	-	377	-	377
Other financial liabilities (current)	-	-	438	438	-	-	-	-
	-	**592**	**9,428**	**10,020**	**-**	**592**	**-**	**592**

Notes to the standalone financial statements for the year ended 31 March 2024

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

Level 3 investments comprises of unquoted equity instruments. The fair value of Level 3 investments are based on the market comparable approach of similar companies using discounted revenue multiples and considering the same on a pre-revenue development stage. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

(a) The carrying amount of financial assets and financial liabilities measured at amortised cost in the Standalone Financial Statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(b) There has been no transfers between level 1, 2 and 3.

(c) The Company enters into derivative financial instruments with various counterparties. Derivatives are valued using valuation techniques in consultation with market expert. The most frequently applied valuation technique include forward pricing, swap models and Black Scholes Merton Model (for options valuation), using present value calculations. The models incorporate various inputs including foreign exchange forward rates, interest rate curve and forward rates curve.

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 values.

Particulars	FVTPL	FVTOCI	Total
Balance as at 01 April 2023	66	372	438
Gain included in OCI			
- Net change in fair value(unrealised)	-	(94)	(94)
Investment made in the current year			
- In equity instruments	13	-	13
- In preference shares	27	-	27
- In debt instruments	-	-	-
Loss included in P&L			
- Dimunition in the value of investments	(40)	-	(40)
Balance as at 31 March 2024	**66**	**278**	**344**

Measurement of fair values

Fair value of liquid mutual funds are based on quoted price. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

Sensitivity analysis

For the fair values of forward/option contracts of foreign currencies, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects.

Significant observable inputs	Impact on profit or loss		Impact on other equity	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Movement in spot rate of the foreign currency				
INR/USD - Increase by 1%	-	-	(594)	(654)
INR/USD - Decrease by 1%	-	-	594	657
Movement in Interest rates				
LIBOR - Increase by 100 bps	-	-	-	(120)
LIBOR - Decrease by 100 bps	-	-	-	120
Level III Equity instruments				
Adjusted market multiple (5% Increase)	-	-	(83)	125
Adjusted market multiple (5% Decrease)	-	-	83	(125)

Notes to the standalone financial statements for the year ended 31 March 2024

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

B. Financial risk management

The Company's activities expose it to a variety of financial risks : credit risk, market risk and liquidity risk.

(i) Risk management framework

The Company's risk management is carried out by the treasury department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables and unbilled revenues) and from its investment activities, including deposits with banks and financial institutions, investments in mutual funds and other financial instruments.

The Company has established a credit mechanism under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and other publicly available financial information. Outstanding customer receivables are regularly monitored.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The maximum exposure to credit risk as at reporting date is primarily from trade receivables and unbilled revenue amounting to Rs. 4,275 (31 March 2023: Rs 4,844). The movement in allowance for impairment in respect of trade receivables during the year was as follows:

Allowance for Impairment	31 March 2024	31 March 2023
Opening balance	83	100
Impairment loss recognised	19	-
Impairment loss reversed	-	(17)
Closing balance	**102**	**83**

Note: During the year ended 31 March 2024, impairment loss reversed includes Rs.nil (31 March 2023: Rs. 17) pertaining to customer balances written off.

Details of trade receivables that are not due, past due and impaired is given below:

Particulars	31 March 2024	31 March 2023
Neither past due nor impaired	3,412	3,984
Past due but not impaired:		
Less than 180 days	741	735
180 days - 365 days	64	112
More than 365 days	58	13
Past due but impaired:	13	33
Less than 180 days	31	37
180 days - 365 days	58	13
More than 365 days		
Less: Allowance for credit losses	(102)	(83)
Total	**4,275**	**4,844**

Other than trade receivables the Company has no significant class of financial assets that is past due but not impaired.

There is no receivable from single customer which which is more than 10 percent of the Company's total receivables during the current and previous financial year.

Credit risk on investments, cash and cash equivalent and derivatives is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. All these banks and financial institutions are high-rate funds of minimum AA+ and above. Investments primarily include investment in liquid mutual fund units and inter-corporate deposits with financial institutions.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

Notes to the standalone financial statements for the year ended 31 March 2024

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

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2024:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current)	-	255	630	1,799	2,684
Lease liabilities (current)	274	-	-	-	274
Borrowings (non-current)	-	1,000	-	-	1,000
Borrowings (current)	417	-	-	-	417
Trade payables	2,539	-	-	-	2,539
Derivative liabilities (non-current)	-	-*	-	-	-*
Derivative liabilities (current)	9	-	-	-	9
Other financial liabilities	562	-	-	-	562
Total	**3,801**	**1,255**	**630**	**1,799**	**7,484**

*Amount less than 0.5 Million

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2023:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Lease liabilities (non-current) *	-	106	316	242	664
Lease liabilities (current) *	104	-	-	-	104
Borrowings (non-current)	-	1,438	3,452	-	4,890
Borrowings (current)	863	-	-	-	863
Trade payables *	2,604	-	-	-	2,604
Derivative liabilities (non-current)	-	84	87	44	215
Derivative liabilities (current)	377	-	-	-	377
Other financial liabilities *	438	-	-	-	438
Total	**4,386**	**1,628**	**3,855**	**286**	**10,155**

* Excludes the financial liabilities classified as held for sale. Refer note 42.

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices.

Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency. The Company holds derivative instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates and foreign currency exposure.

Notes to the standalone financial statements for the year ended 31 March 2024

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

The currency profile of financial assets and financial liabilities as at 31 March 2024 and 31 March 2023 are as below:

31 March 2024	USD	EUR	Others
Financial assets			
Trade receivables	3,547	205	0
Cash and cash equivalents	322	57	1
Derivative assets	2,503	-	-
Other financial assets (current)	49	-	-
Financial liabilities			
Borrowings (non-current)	(1,000)	-	-
Borrowings (current)	(417)	-	-
Trade payables	(221)	(35)	(111)
Derivative liabilities	(9)	-	-
Other financial liabilities (current)	(57)	(51)	(312)
Net assets / (liabilities)	**4,718**	**176**	**(422)**

31 March 2023	USD	EUR	Others
Financial assets			
Trade receivables *	4,410	207	-
Cash and cash equivalents	351	41	1
Derivative assets	1,301	-	-
Other financial assets (current)	105	-	-
Financial liabilities			
Borrowings (non-current)	(4,890)	-	-
Borrowings (current)	(863)	-	-
Trade payables *	(400)	(25)	(198)
Derivative liabilities	(592)	-	-
Other financial liabilities (current) *	(114)	(31)	(26)
Net assets / (liabilities)	**(692)**	**192**	**(223)**

* Includes the financial assets and liabilities classified as held for sale. Refer note 42.

Exposure to currency risk (continued)

	Average rate		Year-end spot rate	
INR	31 March 2024	31 March 2023	31 March 2024	31 March 2023
USD 1	82.79	80.29	83.34	82.18
EUR 1	89.76	83.77	89.99	89.11

Sensitivity analysis

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

Particulars	Impact on profit or loss		Impact on other equity	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
USD Sensitivity				
INR/USD - Increase by 1%	48	(6)	(546)	(660)
INR/USD - Decrease by 1%	(46)	8	548	665
EUR Sensitivity				
INR/EUR - Increase by 1%	2	2	2	2
INR/EUR - Decrease by 1%	(1)	(1)	(1)	(1)

Notes to the standalone financial statements for the year ended 31 March 2024

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

Derivative financial instruments

The Company uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or financing activities. The Company's Treasury team manages its foreign currency risk by hedging forcasted transactions like sales, purchases and capital expenditures. When a derivative is entered for hedging, the Company matches the terms of those derivatives to the underlying exposure. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The following table gives details in respect of outstanding foreign exchange forward and option contracts as of 31 March 2024:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Foreign exchange forward contracts to sell USD	218	136	142	45	541
European style option contracts	91	63	61	19	234

The following table gives details in respect of outstanding foreign exchange forward and option contracts as of 31 March 2023:

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Foreign exchange forward contracts to sell USD	232	151	146	89	618
European style option contracts	94	65	67	38	264
Interest rate swaps used for hedging LIBOR component in External Commercial Borrowings	50	-	-	-	50

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the year ended 31 March 2024 and 31 March 2023 the Company's borrowings at variable rate were mainly denominated in USD.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2024	31 March 2023
Variable rate borrowings	1,417	1,644
Fixed rate borrowings	-	4,109
Total borrowings	**1,417**	**5,753**

The Company entered into an external commercial borrowing agreement dated September 21, 2020, to obtain a USD 50 million (Rs. 4,109) term loan facility. The loan carried an interest rate of Libor + 1.30%. However, the same has been classified as at 31 March 2023 as a fixed rate borrowing owing to the company policy to maintain its long-term borrowings at fixed rate using interest rate swaps. (Refer Note 13)

(b) Sensitivity

Fixed rate borrowings:

The Company policy is to maintain its long-term borrowings at fixed rate using interest rate swaps to achieve this when necessary. They are therefore not subject to interest rate risk as defined under Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

Variable rate borrowings:

A reasonably possible change of 100 bps would have increased / (decreased) profit and loss and equity by Rs. 14 (31 March 2023 : Rs. 16).

Notes to the standalone financial statements for the year ended 31 March 2024

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

29. Capital management

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute annual dividends in future periods.

The amount of future dividends of equity shares will be balanced with efforts to continue to maintain an adequate liquidity status.

The capital structure as of 31 March 2024 and 31 March 2023 was as follows:

Particulars	31 March 2024	31 March 2023
Total equity attributable to the equity shareholders of the Company	41,915	36,189
As a percentage of total capital	97%	86%
Borrowings	1,417	5,753
Total borrowings	**1,417**	**5,753**
As a percentage of total capital	3%	14%
Total capital (Equity and Borrowings)	**43,332**	**41,942**

Notes to the standalone financial statements for the year ended 31 March 2024

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

30. Tax expense

(a) Amount recognised in Statement of profit and loss

	31 March 2024	31 March 2023
Current tax	998	1,047
Deferred tax:		
MAT credit entitlement	46	109
Others related to:		
Origination and reversal of other temporary differences	(136)	123
Tax expense for the year	**908**	**1,279**
Reconciliation of effective tax rate		
Profit before tax and exceptional item	5,684	6,009
Add: Exceptional item	111	-
Profit before tax	5,573	6,009
Tax at statutory income tax rate 34.94% (31 March 2023 - 34.94%)	1,947	2,100
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income		
Tax incentive and other deductions	(834)	(907)
Non-deductible expense	35	66
Basis difference that will reverse during the tax holiday period	-	(42)
Adjustments for current tax of prior periods	(243)	-
Others	3	62
Income tax expense	**908**	**1,279**

(b) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the balance sheet

For the year ended 31 March 2024	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,618	(47)	-	-	1,571
Defined benefit obligations	164	25	5	-	194
Others	80	(7)	33	88	18
Gross deferred tax assets	**1,862**	**(29)**	**(38)**	**(88)**	**1,783**
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets, net	1,221	(119)	-	(150)	952
Derivatives, net	(154)	-	487	-	333
Gross deferred tax liability	1,067	(119)	487	(150)	1,285
	795	**90**	**(449)**	**62**	**498**
Deferred tax assets / (liabilities) associated with assets held for sale					
Deferred tax assets / (liabilities), net					**498**

For the year ended 31 March 2023	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
MAT credit entitlement	1,727	(109)	-	-	1,618
Defined benefit obligations	152	25	(13)	-	164
Others	24	5	(24)	-	5
Gross deferred tax assets	**1,903**	**(79)**	**(37)**	**-**	**1,787**
Deferred tax liability					
Property, plant and equipment, investment property and intangible assets, net	1,068	153	-	-	1,221

Notes to the standalone financial statements for the year ended 31 March 2024

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

For the year ended 31 March 2023	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Derivatives, net	164	-	(319)	-	(154)
Others	20	-	(20)	-	-
Gross deferred tax liability	**1,252**	**153**	**(339)**	**-**	**1,067**
	651	**(232)**	**302**	**-**	**720**
Deferred tax assets / (liabilities) associated with assets held for sale					75
Deferred tax assets / (liabilities), net					**795**

(C) During the quarter ended 31 December 2023, the Company recorded Interest income on income tax refund of Rs 158 pursuant to Income Tax Tribunal order for Financial Years 2009-10 and 2010-11 and the same has been presented as income in the financial results under the head 'Other Income'. Instead of providing a cash refund, the tax department has adjusted the refund against tax demands for Financial Years 2011-12, 2013-14, and 2015-16.

(d) Tax expenses is net of reversal of income tax provision amounting to Rs 232 based on favourable tax assessment orders received during the quarter ended 31 March 2024.

31.Contingent liabilities and commitments *(to the extent not provided for)*

		31 March 2024	31 March 2023
(i) Contingent liabilities			
(a) Claims against the Company not acknowledged as debt		**6,321**	**6,219**
	The above includes:		
(I)	Income tax matters under dispute for notices and orders received relating to financial year 2008-09, 2011-12 to 2018-19 and 2020-21 to 2021-22 (31 March 2023 : financial year 2008 - 09 to 2020 - 21)	6,194	6,206
(II)	Indirect tax matters under dispute for notices and orders received relating to financial year 2009-10 to 2017-18 (31 March 2023 : financial year 2009 - 10 to 2017 - 18)	127	13

(III) In light of judgment of Honourable Supreme Court dated 28th February 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on Company's evaluation, there are significant uncertainties and numerous interpretative issues relating to the judgement and hence it is unclear as to whether the clarified definition of Basic Wage would be applicable prospectively or retrospectively. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence has currently been considered to be a contingent liability.

Including the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business for years that are under assessment. Judgment is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matter progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, if any, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters. Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.

		31 March 2024	31 March 2023
(b)	**Guarantees**		
	Guarantees given by banks on behalf of the Company for contractual obligations of the Company.	- *	-
	The necessary terms and conditions have been complied with and no liabilities have arisen.		
(ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances	1,666	1,836

* Less than Rs. 0.5 million.

Notes to the standalone financial statements for the year ended 31 March 2024

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

32. Segmental Information

Operating segments

The Company is engaged in a single operating segment of providing contract research and manufacturing services. Accordingly, there are no additional disclosures to be provided Ind AS 108 'Operating Segments' other than those already provided in these standalone financial statements.

Geographical information

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers and assets which have been based on the geographical location of the assets.

	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from operations:		
India	1,458	1,223
United States of America	21,178	22,918
Europe	7,718	5,711
Rest of the World	1,676	2,083
Total	**32,031**	**31,935**

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

Carrying amount of non-current assets	31 March 2024	31 March 2023
India	32,801	25,479
Outside India	-	-
Total	**32,801**	**25,479**

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

Major customer

Revenue from two customers (31 March 2023 - one customer) of the Company's Revenue from operations aggregates to Rs.12,305 (31 March 2023 - Rs. 6,135) which is more than 10 percent of the Company's total revenue.

33. Share based compensation

Syngene ESOP Plan 2011

On 20 July 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Company and administrated by the Nomination and Remuneration Committee. The Board of Directors approved the employee stock option plan of the Company. On 31 October 2012, the Trust subscribed into the equity shares of the Company using the proceeds from interest free loan of Rs. 150 obtained from the Company.

Grant

Pursuant to the Scheme, the Company has granted options to eligible employees of the Company under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 11.25 [31 March 2023 : Rs. 11.25] per share (Face Value of Rs. 10 per share).

Notes to the standalone financial statements for the year ended 31 March 2024

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

Details of Grant

Particulars	31 March 2024 No. of options	31 March 2023 No. of options
Outstanding at the beginning of the year	6,10,191	13,42,140
Granted during the year	-	-
Forfeited / lapsed during the year	(6,306)	(30,883)
Exercised during the year	(4,69,762)	(7,01,066)
Outstanding at the end of the year	**1,34,123**	**6,10,191**
Exercisable at the end of the year	61,472	5,49,377
Weighted average exercise price	11.25	11.25
Weighted average share price at the date of exercise during the year (In Rs)	745.7	572.7

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2024 is 3 years [31 March 2023 : 4 years].

Syngene Restricted Stock Unit Long Term Incentive Plan 2020

The Board of Directors of the Company on 24 April 2019 and the Shareholders of the Company in the Annual General Meeting held on 24 July 2019 approved the Syngene Restricted Stock Unit Long Term Incentive Plan FY 2020. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 25%, 25% and 25% of the total grant at the end of first, second, third and fourth year from the date of first grant, respectively, with an exercise period of 5 years for each grant. The vesting conditions include service terms and performance of the employees. These options are exercisable at an exercise price of Rs. 10 per share (Face Value of Rs. 10 per share).

Details of Grant

Particulars	31 March 2024 No. of options	31 March 2023 No. of options
Outstanding at the beginning of the year	15,73,842	26,27,537
Granted during the year	38,032	89,704
Forfeited during the year	(1,28,204)	(3,26,215)
Exercised during the year	(6,41,587)	(8,17,184)
Outstanding at the end of the year	**8,42,083**	**15,73,842**
Exercisable at the end of the year	5,61,068	5,05,928
Weighted average exercise price	10.00	10.00
Weighted average value of shares granted during the year under Black Scholes Model (In Rs)	584.5	570.0
Weighted average share price at the date of exercise during the year (In Rs)	659.8	569.8

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2024 is 3.34 years [31 March 2023 : 4.34 years].

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

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour

Particulars	31 March 2024	31 March 2023
Dividend yield (%)	0.0%	0.0%
Exercise Price (In Rs)	10	10
Volatility	30.4%	30.4%
Life of the options granted (vesting and exercise period) [in years]	3.5	4.5
Average risk-free interest rate	7.2%	7.3%

Syngene Long Term Incentive Performance Share Plan 2023

The Board of Directors of the Company on 22 March 2023 and the Shareholders of the Company on 23 April 2023 approved the Syngene Long Term Incentive Performance Share Plan 2023. Each option entitles for one equity share. The plan comprises of 3 metrics basis which performance is evaluated and the units shall vest on 31 May after the close of the third financial year for which the performance is being considered i.e. 31 May 2025, with an exercise period of 5 years for each grant. The vesting conditions include service terms of the employees. These options are exercisable at an exercise price of Rs. 10 per share (Face Value of Rs. 10 per share).

Notes to the standalone financial statements for the year ended 31 March 2024

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

Details of Grant

Particulars	31 March 2024 No. of options	31 March 2023 No. of options
Outstanding at the beginning of the year	-	-
Granted during the year	2,58,254	-
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at the end of the year	**2,58,254**	**-**
Exercisable at the end of the year	-	-
Weighted average exercise price	-	-
Weighted average value of shares granted during the year under Black Scholes Model (In Rs)	905.7	-
Weighted average share price at the date of exercise during the year (In Rs)	-	-

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2024 is 1.17 years [31 March 2023 : Nil].

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

Particulars	31 March 2024	31 March 2023
Dividend yield (%)	0.0%	-
Exercise Price (In Rs)	10	-
Volatility	26.2%	-
Life of the options granted (vesting and exercise period) [in years]	6.17	-
Average risk-free interest rate	7.1%	-

Syngene Long Term Incentive Outperformance Share Plan 2023

The Board of Directors of the Company on 22 March 2023 and the Shareholders of the Company on 23 April 2023 approved the Syngene Long Term Incentive Outperformance Share Plan 2023. The performance assessment period for the said plan is FY 2023 to FY 2027 (i.e. 5 years). However, no grants were given to any employees during the year ended 31 March 2024. Accordingly, no accounting has been done in the current financial year.

Syngene Employee Welfare Trust

The assets and liabilities of the aforesaid trust have been accounted for as the assets and liabilities of the Company on the basis that such trust is merely acting as the agent of the company (as given in the table below).

Particulars	31 March 2024	31 March 2023
Assets		
Investments	37	5
Other current assets	5	2
Liabilities		
Reserves	(38)	(27)
Current liabilites	(4)	(5)
Cash and bank balance	**1**	**25**

34. Leases

The Company has entered into lease agreements for use of land, buildings, plant and equipment and vehicles which expires over a period ranging upto the year of 2038. Gross payments for the year aggregate to Rs. 322 (31 March 2023 - Rs. 249).

The weighted average borrowing rate of 8% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Notes to the standalone financial statements for the year ended 31 March 2024

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

The following is the movement in lease liabilities during the year ended 31 March 2024:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	316	274	43	633
Additions during the year	-	1,474	30	1,504
Finance cost accrued during the period	21	67	4	91
Deletions	-	-	-	-
Payment of lease liabilities	(38)	(255)	(29)	(322)
Balance at the end	**298**	**1,559**	**48**	**1,905**

The following is the movement in lease liabilities during the year ended 31 March 2023:

Particulars	Land	Buildings	Vehicles	Total
Balance at the beginning	328	1,962	30	2,320
Additions during the year	16	94	38	148
Finance cost accrued during the period	7	152	3	162
Deletions	-	-	(6)	(6)
Lease liabilities associated with assets classified as held for sale	-	(1,743)	-	(1,743)
Payment of lease liabilities	(35)	(192)	(22)	(249)
Balance at the end	**316**	**274**	**43**	**633**

* Less than Rs. 0.5 million.

The following is the break-up of current and non-current lease liabilities:

	31 March 2024	31 March 2023
Current	288	120
Non-current	1,617	513
Total	**1,905**	**633**

* Exclude lease liabilities of Rs. 1,743 classified as held for sale. Refer note 42.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	31 March 2024	31 March 2023
Less than one year	274	104
One to five years	885	422
More than five years	1,799	242
Total	**2,958**	**768**

Excludes the undiscounted contractual maturities classified as held for sale. Refer note 42.

The following are the amounts recognised in the statement of profit or loss:

	31 March 2024	31 March 2023
Depreciation expenses on right of use-assets	184	170
Interest expenses on lease liabilities	91	162
Rent (Refer note 25)	53	44
Total	**329**	**376**

Notes to the standalone financial statements for the year ended 31 March 2024

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

35. Exceptional items

The Company has incurred transaction costs of Rs 111 relating to the acquisition of multi modal facility (Unit 3) from Stelis Biopharma Limited (SBL) and the same has been presented under Exceptional items in this Standalone financial statement for the year ended 31 March 2024

36. Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

	31 March 2024	31 March 2023
(a) Amount required to be spent by the Company during the year	101	98
(b) Amount unspent of previous years shortfall	31	70
(c) Amount spent during the year (in cash)		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	122	137
(d) Amount unspent and carried forward to next year	10	31

(e) Details of unspent obligations:

Details of ongoing project and other than ongoing project

In case of Section 135(5) of the Companies Act, 2013 (Ongoing project)						
Opening balance as at 1 April 2023		Amount required to be spent during the year	Amount spent during the year		Closing balance as at 31 March 2024	
With Company	In Separate CSR Unspent		From Company's bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	31	3	-	21	-	10

In case of Section 135(5) of the Companies Act, 2013 (Other than ongoing project)				
Opening Balance as at 1 April 2023	Amount deposited in specified fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance as at 31 March 2024
-	-	-	-	-

In case of Section 135(5) of the Companies Act, 2013 (Ongoing project)						
Opening balance as at 1 April 2022		Amount required to be spent during the year	Amount spent during the year		Closing balance as at 31 March 2023	
With Company	In Separate CSR Unspent		From Company's bank account	From Separate CSR Unspent account	With Company	In Separate CSR Unspent account
-	60	-	-	45	-	31

In case of Section 135(5) of the Companies Act, 2013 (Other than ongoing project)						
Opening Balance as at 1 April 2022	Amount deposited in specified fund of Schedule VII within 6 months	Amount required to be spent during the year		Amount spent during the year		Closing balance as at 31 March 2023
-	-	-		-		-

Notes to the standalone financial statements for the year ended 31 March 2024

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

37. Earnings per equity share (EPS)

	31 March 2024	31 March 2023
Earnings		
Profit for the year	4,665	4,730
Shares		
Basic outstanding shares	402,015,000	401,434,500
Add: number of shares vested but not yet exercised	608,429	1,050,649
Less: Weighted average shares held with the ESOP Trust	(1,243,697)	(1,826,721)
Weighted average shares used for computing basic EPS	**401,379,732**	**400,658,428**
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	591,816	2,961,829
Weighted average shares used for computing diluted EPS	**401,971,548**	**403,620,257**
Earnings per equity share		
Basic (in Rs.)	11.62	11.81
Diluted (in Rs.)	11.61	11.72

38. Financial ratios:

Ratio	Numerator	Denominator	31 March 2024	31 March 2023	Variance %
(a) Net profit ratio	Profit for the year *	Total income	15%	14%	0.1%
(b) Return on equity ratio	Profit for the year *	Average equity	12%	14%	-11%
(c) Debt equity ratio	Borrowings	Equity	3%	16%	-79%
(d) Debt service coverage ratio	Earnings before interest, taxes, depreciation and amortisation * = Net profit before tax and exceptional item + Depreciation and amortisation + Finance costs	Total debt service in preceding twelve months = Finance costs + Repayment of short term borrowings + Repayment of long term borrowings	2.08	3.31	-37%
(e) Return on investment	Interest income on deposits + Net gain on mutual funds	Average Investment in deposits and mutual funds	6%	5%	16%
(f) Return on capital employed	Earnings before interest and taxes* = Net profit before tax and exceptional item + Finance costs	Capital Employed = Tangible Net Worth (Total equity - Intangibles assets) + Total Borrowings - Deferred Tax Asset	14%	16%	-10%
(g) Net capital turnover ratio	Revenue from operations	Average Working capital Current assets – Current liabilities	3.28	2.94	12%
(h) Current ratio	Current assets	Current liabilities	1.69	2.04	-17%
(i) Inventory turnover ratio	Cost of chemicals sold = Purchases of chemicals, reagents and consumable + Changes in inventories	Average inventory	3.16	3.36	-6%
(j) Trade receivable turnover ratio	Revenue from operations	Average trade receivable	7.03	6.43	9%
(k) Trade payable turnover ratio	Total supply purchases = Purchases of chemicals, reagents and consumables + Changes in inventories + Other expenses	Average trade payables	5.86	5.67	3%

Notes to the standalone financial statements for the year ended 31 March 2024
(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

(j) Trade receivable turnover ratio	Revenue from operations	Average trade receivable	7.03	6.43	9%
(k) Trade payable turnover ratio	Total supply purchases = Purchases of chemicals, reagents and consumables + Changes in inventories + Other expenses	Average trade payables	5.86	5.67	3%

* excludes exceptional items in the computation of operational performance ratios

Explanation for variance more than 25% in the above ratios:

(i) Improvement in debt equity ratio is due to repayment of borrowings for Rs. 4,356 during the year ended 31 March 2024.

(ii) Decline in debt service coverage ratio is primarily due to repayment of borrowings for Rs. 4,356 during the year ended 31 March 2024.

39. Other Statutory Information :

(i) The Company does not have any Benami property or any proceeding is pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

(iv) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

(v) The Company has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

(vi) The Company has not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company is not classifed as wilful defaulter by Reserve Bank of India.

(viii) The Company doesn't have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as search or survey.

40. On 26 April 2023, the Board of Directors of the Company have approved an allotment of 580,500 equity shares of Rs. 10/- (Rupees Ten each) of the Company to Syngene Employee Welfare Trust at face value pursuant to the shareholders' approval at the Annual General Meeting on 24 July 2019 to allot fresh equity shares upto 1.67% of the paid-up equity capital of the Company in tranches for the purpose of implementation of the Syngene International Limited - Restricted Stock Unit Long Term Incentive Plan FY 2020.

41. Acquisition through slump sale :On 02 August 2022, the Company's Board of Directors approved the acquisition of certain laboratory facilities along with a team of scientists from Biofusion Therapeutics Limited, a fellow subsidiary, through a slump sale of assets and liabilities for a consideration of Rs. 182. In accordance with Ind AS 103, Business combinations, the acquisition qualified to be a business combination between entities under common control. Accordingly, acquisition was accounted for at book values with the difference between consideration paid and balances taken over being recorded in reserves as an adjustment to retained earnings of Rs.302. The financial information, in respect of prior periods, as if the business combination had occurred from the beginning of the preceding period in these standalone financial statements have not been restated as the impact was considered to be immaterial.

The following table summarises major class of the assets and liabilities acquired through slump sale as on date of acquisition:

Assets	
Property, plant and equipment	518
Other current assets	1
	519
Liabilities	
Borrowings	548
Employee benefit provisions	10
Trade payables	78
Other financial liabilities	3
	639

Notes to the standalone financial statements for the year ended 31 March 2024

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

42. Non-current assets held for sale :

On 23 January 2023, the Company announced the decision of its Board of Directors to transfer the operations of the Company in Hyderabad under a slump sale arrangement to Syngene Scientific Solutions Limited ("SSSL"), a Wholly owned subsidiary of the Company with effect from 01 April 2023. At 31 March 2023, the above transfer was classified as a disposal group held for sale.

The following table summarises major class of the assets and liabilities classified as held for sale as at 31 March 2023:

	31 March 2023
Assets	
Property, plant and equipment	2,491
Right-of-use assets	1,582
Working capital and others	1,217
Assets held for sale	5,290
Liabilities	
Lease Liabilities	1,743
Working capital and others	376
Liabilities associated with assets held for sale	**2,119**
Net assets associated with disposal group	**3,171**

Effective 01 April 2023, the Company has transferred to SSSL the above net assets.

43. Acquisition through Slump Sale:

On 04 July 2023, the Company's Board of Directors entered into a binding term sheet for acquiring Unit 3 biologics manufacturing facility in Bangalore, India, from Stelis Biopharma Limited (SBL). The unit has been acquired effective 01 December 2023 on a slump sale basis at a total cash consideraion of Rs. 5,632.

The acquisition will add 20,000 litres of installed biologics drug substance manufacturing capacity for Syngene. The site has the potential for future expansion of up to a further 20,000 litres of biologics drug substance manufacturing capacity. It also includes a commercial scale, high speed, fill-finish unit – an essential capability for drug product manufacturing.

The Company has carried out a preliminary purchase price allocation between tangible assets and other balances taken over to assess the fair value as on the acquisition date and accordingly recorded a capital reserve of Rs 39. These initial estimates will be finalized over the next few quarters not exceeding twelve-month period allowed under the accounting requirements.

The following table summarises major class of the assets and liabilities taken over:

Particulars	
Property, plant and equipment	6,207
Other assets	104
Capital creditors	(638)
Other liabilities	(2)
Value of business taken over (A)	**5,671**
Purchase consideraion (B)	**5,632**
Capital reserve (C=B-A)	**(39)**

Notes to the standalone financial statements for the year ended 31 March 2024

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

44. On 26 April 2023, the Board of Directors recommended a final dividend of Rs. 1.25 per equity share of Rs. 10/- (comprising a regular dividend of Rs.0.5 per share and a special additional dividend of Rs. 0.75 per share to mark the 30th anniversary of the founding of the Company in November 1993). The share holders approved the dividend in the Annual General Meeting held on 26 July 2023 and was subsequently paid.

45 Events after reporting period:

(a) On 24 April 2024, the Board of Directors of the Company have approved an allotment of 521,981 equity shares of Rs. 10/- (Rupees Ten each) of the Company to Syngene Employee Welfare Trust at face value pursuant to the shareholder's approval at the Annual General Meeting on 24 July 2019 to allot fresh equity shares upto 1.67% of the paid-up equity capital of the Company in tranches for the purpose of implementation of the Syngene International Limited - Restricted Stock Unit Long Term Incentive Plan FY 2020.

(b) On 24 April 2024, the Board of Directors recommended a final dividend of Rs. 1.25 per equity share of Rs. 10/-. The proposed dividend is subject to the approval of the shareholders in the Annual General Meeting.

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

G Prakash
Partner
Membership number: 099696

Bengaluru
Date: 24 April 2024

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

Kiran Mazumdar Shaw
Chairperson
DIN: 00347229

Jonathan Hunt
Managing Director and Chief Executive Officer
DIN: 07774619

Sibaji Biswas
Executive Director and Chief Financial Officer
DIN: 06959449

Priyadarshini Mahapatra
Company Secretary
FCS Number: F8786

Bengaluru
Date: 24 April 2024