

Board's Report

Dear Members,

Your Directors are pleased to present the 30th Annual Report of your Company, along with the Audited Financial Statements and Auditor's Report for the financial year ended 31st March, 2023. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

Financial review

Your Company's performance during FY23, compared to the previous year is summarised below.

Particulars	(Rs. in Million)	
	March 31, 2023	March 31, 2022
Total revenue	32,644	26,542
Total expenditure	22,592	18,080
Profit before depreciation, finance costs, exceptional items and tax expense	10,052	8,462
Less: Depreciation & interest	4,043	3,338
Profit before exceptional items and tax expense	6,009	5,124
Add: Exceptional items	-	(307)
Profit before tax expense	6,009	4,817
Less: Tax expenses	1,279	879
Profit for the year	4,730	3,938
Other comprehensive income	(972)	433
Total comprehensive income	3,758	4,371
Profit for the year excluding exceptional item	4,730	4,245

Key highlights of the Company's financial performance during FY23 are as follows:

- Revenue increased by 23% (from Rs. 26,542 Mn to Rs. 32,644 Mn)
- Earnings before interest tax depreciation and amortisation (EBITDA) increased by 19% (from Rs. 8,462 Mn to Rs. 10,052 Mn)
- Profit after tax increased by 20% (from Rs. 3,938 Mn to Rs. 4,730 Mn)

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

Operational Review

Syngene International Limited is an integrated research, development and manufacturing services organisation serving the global pharmaceutical, biotechnology, nutrition, animal health, consumer goods and specialty chemical sectors. Headquartered in India and listed on the National Stock Exchange of India Limited and Bombay Stock Exchange, the operations are driven by its highly qualified teams comprising

~6000 scientists and its state-of-the-art facilities, spread over 2.2 million sq. ft., across three locations in India: Bangalore, Hyderabad and Mangalore. Syngene has four business divisions: Discovery Services, Development Services, Manufacturing Services and Dedicated Centers.

Discovery Services

Discovery Services witnessed a healthy demand environment throughout the year as clients continued to make up the ground they lost during the pandemic and bring new projects forward. Discovery Chemistry, in particular, saw buoyant customer demand. Synvent, Syngene's integrated drug discovery platform, showed sustained growth during the year. The portfolio, which currently stands at 18 integrated programs, witnessed encouraging demand from emerging biotech companies.

During the year, Syngene's second campus in Hyderabad played an increasingly important role in Discovery Chemistry operations, now grown to over 900 scientists and got more expansion plans. With the commissioning of the new DMPK labs, the Hyderabad facility started Discovery Biology services

during the year. Syngene also commissioned a new PROTAC lab in Hyderabad during FY23. PROTAC is part of Syngene's novel drug discovery strategy for clients involved in the treatment of cancer.

Syngene's proprietary AI (Artificial Intelligence) platform Syn.AI™ was launched during the year. The platform enables a deeper understanding of disease and network biology to identify and prioritise targets. It evaluates targets on multiple parameters pertaining to relevancy, druggability, and safety, thereby decreasing the later-stage attrition.

The Discovery Services division cleared many client and regulatory audits during the year, notably the AAALAC's (Association for Assessment and Accreditation of Laboratory Animal Care) full accreditation for its animal laboratory facility.

Development Services

In Development Services, repeat orders from existing clients, as well as an increase in the number of collaborations with emerging biopharma companies, drove a robust performance during the year. Syngene continued to invest in new infrastructure and capability development to match its growing customer demands. During FY23, the Company commissioned a kilo lab to expedite formulation and process development work and a state-of-the-art sterile Fill-Finish facility for small-scale clinical manufacturing. With the commissioning of the Fill-Finish facility, Syngene can offer end-to-end solutions in drug product development and manufacturing for clinical supplies of small and large-molecule injectables.

The highlight of the year for Development Services is the successful tech transfer and completion of registration batches leading to two Abbreviated New Drug Application (ANDA) filings by clients.

Manufacturing Services

The Manufacturing Services division showed good growth and demand during the year. The highlight was the long-term agreement with Zoetis. The agreement, initially centred on Librela®, paves the way for development and manufacturing of other molecules in the coming years and is expected to be worth up to USD 500 Mn to Syngene over 10 years, subject to regulatory approvals and market demand. The Zoetis deal will leverage the sustained investments Syngene has made in developing world-class biologics production facilities. Manufacturing Services also completed the inspection of its biologics facilities by the US FDA, EMA and MHRA during the year.

The small molecule manufacturing facility in Mangalore is on track to obtain the key regulatory approvals around the mid of 2023. During the year, the Mangalore facility received ISO: 50001 for driving sustainability in energy conservation.

Dedicated R&D Centers

Syngene operates dedicated R&D Centers for three clients: Amgen Inc., Baxter Inc and Bristol-Myers Squibb (BMS). During the year, the Dedicated R&D Centers reported a steady performance. Syngene commissioned a new yeast display facility to accelerate the advancement of Amgen's R&D projects. FY24 will mark the 25th year of Syngene-BMS collaboration.

Other business updates

Joydeep Kant joined the Company in November 2022 as SVP of Development Services. As a member of the Executive Committee, Joydeep drives Syngene's Development Services division connecting upstream Discovery Services programs through the development process to ensure a smooth transition into commercial manufacturing. Andrew Webster joined Syngene in December 2022 as the Chief Human Resources Officer (CHRO) and a member of the Executive Committee.

Subsidiary companies, associates and joint ventures

Syngene has three wholly owned subsidiaries namely Syngene USA Inc, Syngene Scientific Solutions Limited and Syngene Manufacturing Solutions Limited. The Company neither has any associate companies nor has formed any joint venture.

Syngene USA Inc. was incorporated in FY 2018, to help the Company have a firm foothold in the US market and allow easy access to the Company's clients based in that region. During FY23, Syngene USA Inc, posted a revenue of Rs. 453 mn and reported a profit(before tax) of Rs. 41 mn. Syngene Scientific Solutions Limited (SSSL) was incorporated on August 10, 2022 in India and is engaged in Contract Research and Clinical research services. Syngene Manufacturing Solutions Limited (SMSL) was incorporated on August 26, 2022 in India to carry on the business of manufacturing pharmaceutical, biopharmaceutical and biological products of any kind. During FY23, no revenue was generated in SSSL and SMSL as both Companies were yet to start their operations.

A report on the performance and financial position of each subsidiary is outlined in AOC-1, which is annexed to this report as Annexure – 1 pursuant to the first proviso to Section 129(3) of the Companies Act, 2013 ('the Act') and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements presented in this Annual Report include the financial results of the subsidiaries.

Further, in accordance with Section 136 of the Act, the audited financial statements and related information of the Company and its subsidiaries, wherever applicable, are available on the Company's website: www.syngeneintl.com. These are also available for inspection during regular business hours at