# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Syngene International Limited

## Report on the audit of Special Purpose Indian Accounting Standard ('Ind AS') Financial Statements of Syngene USA Inc. ('the Company')

We have audited the accompanying special purpose Ind AS financial statements of Syngene USA Inc., which comprise the balance sheet as at 31 March 2018, and the statement of profit and loss, the cash flow statement and the statement of changes in equity for the period 24 August 2017 to 31 March 2018, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements"). The Ind AS financial statements have been prepared by the management in accordance with Note 1.2(a) on the basis of the preparation of the Ind AS financial statements.

## Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the special purpose preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit and other comprehensive income, changes in equity and its cash flows for the period 24 August 2017 to 31 March 2018.

## Basis of preparation

We draw attention to Note 1.2(a) to the Ind AS financial statements, which describes the basis of accounting. As a result, the Ind AS financial statements may not be suitable for another purpose.

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

**Sampad Guha Thakurta**
*Partner*
Membership number: 060573

Place: Bengaluru
Date: 25 April 2018

# BALANCE SHEET
## AS AT MARCH 31, 2018

(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

| | Note | March 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Financial assets | | |
| Trade receivables | 3 | 39,574 |
| Cash and cash equivalents | 4 | 141,893 |
| **Total current assets** | | **181,467** |
| **Total assets** | | **181,467** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity share capital | 5 | 50,000 |
| Other equity | 6 | 39,063 |
| **Total equity** | | **89,063** |
| | | |
| **Current liabilities** | | |
| Financial liabilities | | |
| Trade payables | 7 | 70,950 |
| Income tax Liabilities | | 13,725 |
| Other current liabilities | 8 | 7,729 |
| **Total current liabilities** | | **92,404** |
| **Total equity and liabilities** | | **181,467** |

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

As per our report of even date attached

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

**Sampad Guha Thakurta**
*Partner*
Membership number: 060573

Bengaluru
April 25, 2018

*for* **and on behalf of Board of Directors of Syngene USA Inc.**

**Manoj Nerurkar**
*Director*

**M. B. Chinappa**
*Director*

Bengaluru
April 25, 2018

# STATEMENT OF PROFIT AND LOSS
## FOR THE PERIOD AUGUST 24, 2017 TO MARCH 31, 2018

(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

| | Note | For the period August 24, 2017 to March 31, 2018 |
|---|---|---|
| **INCOME** | | |
| Revenue from operations | 9 | 580,667 |
| **Total Income** | | **580,667** |
| **EXPENSES** | | |
| Employee benefits expense | 10 | 425,903 |
| Other expenses | 11 | 101,976 |
| **Total Expenses** | | **527,879** |
| **Profit before tax** | | 52,788 |
| **Tax expense** | | 13,725 |
| **Profit for the period** | | **39,063** |
| **Earnings per equity share** | 17 | |
| Basic and diluted (in USD) | | 78.13 |
| Weighted average no. of shares in calculating earnings per share | | 500 |

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

As per our report of even date attached

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

**Sampad Guha Thakurta**
*Partner*
Membership number: 060573

Bengaluru
April 25, 2018

*for* **and on behalf of Board of Directors of Syngene USA Inc.**

**Manoj Nerurkar**
*Director*

**M. B. Chinappa**
*Director*

Bengaluru
April 25, 2018

# STATEMENT OF CASH FLOWS

## FOR THE PERIOD AUGUST 24, 2017 TO MARCH 31, 2018

(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

| | | Period August 24, 2017 to March 31, 2018 |
|---|---|---|
| **I** | **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| | Profit for the period | 39,063 |
| | Adjustments to reconcile profit before tax to net cash flows | |
| | Tax expenses | 13,725 |
| | Operating profit before working capital changes | **52,788** |
| | **Movements in working capital** | |
| | Decrease/(increase) in Trade receivables | (39,574) |
| | (Decrease)/increase in trade payable and other liabilities | 78,679 |
| | **Net cash flow generated from operating activities** | **91,893** |
| **II** | **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| | Proceeds from issuance of share capital | 50,000 |
| | **Net cash flow from financing activities** | **50,000** |
| **III** | **NET INCREASE IN CASH AND CASH EQUIVALENTS (I + II)** | **141,893** |
| **IV** | **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | - |
| **V** | **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (III+ IV)** | **141,893** |
| | **Components of cash and cash equivalents as at the end of the period** | |
| | Balances with banks - on current accounts | 141,893 |
| | **Total cash and cash equivalents [refer note 4]** | **141,893** |

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

As per our report of even date attached

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

**Sampad Guha Thakurta**
*Partner*
Membership number: 060573

Bengaluru
April 25, 2018

*for* **and on behalf of Board of Directors of Syngene USA Inc.**

**Manoj Nerurkar**
*Director*

**M. B. Chinappa**
*Director*

Bengaluru
April 25, 2018

# STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD AUGUST 24, 2017 TO MARCH 31, 2018

(All amounts are in US Dollars, except share data and per share data, unless otherwise stated)

**(A) Equity share capital**

| | **March 31, 2018** |
|---|---|
| Opening balance | - |
| Changes in equity share capital during the period | 50,000 |
| Closing balance | **50,000** |

**(B) Other equity [refer note 6]**

| **Particulars** | **Retained earnings** | **Total other equity** |
|---|---|---|
| Balance as at August 24, 2017 | - | - |
| Profit for the period | 39,063 | 39,063 |
| Balance as at March 31, 2018 | **39,063** | **39,063** |

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

As per our report of even date attached

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

**Sampad Guha Thakurta**
*Partner*
Membership number: 060573

Bengaluru
April 25, 2018

*for* **and on behalf of Board of Directors of Syngene USA Inc.**

**Manoj Nerurkar**
*Director*

**M. B. Chinappa**
*Director*

Bengaluru
April 25, 2018

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE PERIOD AUGUST 24, 2017 TO MARCH 31, 2018

### 1. COMPANY OVERVIEW

#### 1.1 Reporting Entity

Syngene USA Inc ("the Company"), wholly owned subsidiary of Syngene International Limited, was incorporated on August 24, 2017, with registered office in the state of Delaware, the United States of America. The Company was incorporated to provide marketing and business development support services to Syngene International Limited, India in USA and other Global markets.

#### 1.2 Basis of Preparation of financial statements

**a) Statement of compliance**

The special purpose 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 financial statements have been prepared for inclusion in the annual report of the holding company, Syngene International Limited under the requirements of Section 129(3), of the Companies Act 2013.

These financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018.

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

**b) Functional and presentation currency**

These financial statements are presented in US Dollars (USD), which is also the functional currency of the Company.

**c) Basis of measurement**

These financial statements have been prepared on the historical cost basis, except for the certain financial assets and liabilities are measured at fair value.

**d) Use of estimates and judgements**

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

Judgements

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

Note 1.2(b) — Assessment of functional currency;

Note 2(a) and 13 — Financial instruments;

Note 2(d) and 15 — Provision for income taxes;

#### 1.3 Measurement of fair values

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in note 2(a) and 13 – financial instruments.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### a. Financial instruments

**i. Recognition and initial measurement**

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. **Classification and subsequent measurement**

Financial assets

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

— amortised cost;

— FVOCI – debt investment;

— FVOCI – equity investment; or

— FVTPL

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii. **Derecognition**

Financial assets

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

iv. **Offsetting**

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

v. **Cash and cash equivalents**

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

**b. Provisions**

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.

**c. Revenue**

**Sale of services**

Revenue from marketing and business development support services is recognized based on a "cost plus" basis and is billed in accordance with the terms of the arrangement with the parent company, when the services are performed.

**d. Income taxes**

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

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

— taxable temporary differences arising on the initial recognition of goodwill;

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

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

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

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

**e. Earnings per share**

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

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(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

| | March 31, 2018 |
|---|---|
| **3. TRADE RECEIVABLES** | |
| Unsecured, considered good (refer note 12) | 39,574 |
| | **39,574** |

## 4. CASH AND CASH EQUIVALENTS

| | |
|---|---|
| Balances with banks: | |
| On current accounts | 141,893 |
| Total cash and cash equivalents | **141,893** |

## 5. EQUITY SHARE CAPITAL

| | |
|---|---|
| **Authorised** | |
| 5,000 equity shares of USD 100 each | 500,000 |
| **Issued, subscribed and fully paid-up** | |
| 500 equity shares of USD 100 each | 50,000 |

**(i) Reconciliation of the shares outstanding at the end of the reporting period**

| Equity shares | March 31, 2018 | |
|---|---|---|
| | **No.** | **USD** |
| Issued during the period | 500 | 50,000 |
| **Outstanding at the end of the period** | **500** | **50,000** |

**(ii) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of USD 100 per share. Each holder of equity shares is entitled to one vote per share.

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

| | March 31, 2018 | |
|---|---|---|
| | **No.** | **% holding** |
| **Equity shares of USD 100 each fully paid** | | |
| Syngene International Limited, the holding company | 500 | 100% |

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

## 6. OTHER EQUITY

Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders.

## 7. TRADE PAYABLES

| | |
|---|---|
| Trade payables | 70,950 |
| | **70,950** |

All trade payables are 'current'. The Company's exposure to liquidity risks related to trade payables is disclosed in note no 13.

## 8. OTHER CURRENT LIABILITIES

| | |
|---|---|
| Statutory dues | 7,729 |
| | **7,729** |

(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

| | Period August 24, 2017 to March 31, 2018 |
|---|---|
| **9. REVENUE FROM OPERATIONS** | |
| Sale of services | 580,667 |
| | **580,667** |
| **10. EMPLOYEE BENEFITS EXPENSE** | |
| Salaries, wages and bonus | 345,153 |
| Staff welfare expenses | 80,750 |
| | **425,903** |
| **11. OTHER EXPENSES** | |
| Communication expenses | 2,906 |
| Travelling and conveyance | 7,288 |
| Professional charges | 91,422 |
| Miscellaneous expenses | 360 |
| | **101,976** |

## 12. RELATED PARTY TRANSACTIONS

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

| Sl. No. | Name of the related party | Relationship | Description of transaction / balance | Transaction value for period August 24, 2017 to March 31, 2018 Expenses / (Income) | Balance as at March 31, 2018 Payable / (Receivable) |
|---|---|---|---|---|---|
| (a) | Syngene International Limited | Holding Company | Sale of services | (580,667) | - |
| | | | Trade receivables | - | (39,574) |

**Notes:**

(i) The Company has entered into an arrangement with Syngene international limited, India to provide Marketing and Business development support services in USA and other Global markets .

(ii) The above disclosures include related parties as per IND-AS 24 on “Related Party Disclosures”.

(iii) All transactions with these related parties are priced on an arm’s length basis and none of the balances are secured.

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(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

## 13. FINANCIAL INSTRUMENTS : FAIR VALUE AND RISK MANAGEMENTS

### A. Accounting classification and fair values

| March 31, 2018 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | |
| Trade receivables | - | - | 39,574 | 39,574 | - | - | - | - |
| Cash and cash equivalents | - | - | 141,893 | 141,893 | - | - | - | - |
| | **-** | **-** | **181,467** | **181,467** | **-** | **-** | **-** | **-** |
| **Financial liabilities** | | | | | | | | |
| Trade payables | - | - | 70,950 | 70,950 | - | - | - | - |
| | **-** | **-** | **70,950** | **70,950** | **-** | **-** | **-** | **-** |

### 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 Board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

#### (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 from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company's revenue and receivable is entirely from Syngene International Limited, the Holding Company. Accordingly, no credit risk is perceived.

#### (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 believes that the working capital is sufficient to meet its requirements. Accordingly, no liquidity risk is perceived.

The table below details the company's remaining contractual maturity for its financial liabilities as of March 31, 2018:

| Particulars | Less than 1 year | 1 - 5 years | Total |
|---|---|---|---|
| Trade payables | 70,950 | - | 70,950 |
| **Total** | **70,950** | **-** | **70,950** |

#### (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.

The Company is not exposed to market risk.

## 14. 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.

(This space has been intentionally left blank)

(All amounts are in US Dollars, except share data and per share data, unless otherwise stated )

## 15. TAX EXPENSE

| | | Period August 24, 2017 to March 31, 2018 |
|---|---|---|
| **(a)** | **Amount recognised in Statement of profit and loss** | |
| | Current tax | 13,725 |
| | Tax expense for the period | **13,725** |
| **(b)** | **Reconciliation of effective tax rate** | |
| | Profit before tax | 52,788 |
| | Tax at statutory income tax rate 26% | 13,725 |
| | Tax effects of amounts which are not deductible / (taxable) in calculating taxable income | - |
| | Income tax expense | **13,725** |

(This space has been intentionally left blank)

## 16. SEGMENTAL INFORMATION

**Operating segments**

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

**Geographical information**

The geographical information analyses the Company's revenues by the Company's country of domicile (i.e. USA) and other countries. In presenting the geographical information, revenue has been based on the geographic location of the customers. There are no non-current assets of the Company as at March 31, 2018.

| | Period August 24, 2017 to March 31, 2018 |
|---|---|
| **Marketing and business development services** | |
| USA | - |
| India | 580,667 |
| Others | - |
| **Total** | **580,667** |

**Major customer**

The Company's revenue is entirely from Syngene International Limited, the Holding Company.

| | March 31, 2018 |
|---|---|
| **17. EARNINGS PER SHARE (EPS)** | |
| **Earnings** | |
| Profit for the period | 39,063 |
| **Shares** | |
| Weighted average number of shares used for computing basic and diluted EPS | 500 |
| **Earnings per share** | |
| Basic (in USD) | 78.13 |
| Diluted (in USD) | 78.13 |

## 18. PRIOR YEARS' COMPARATIVES

The Company was incorporated during the year and commenced operations from 1 November 2017. Accordingly, no comparative figures for financial statements are required to be presented.

As per our report of even date attached

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

**Sampad Guha Thakurta**
*Partner*
Membership number: 060573

Bengaluru
April 25, 2018

*for* **and on behalf of Board of Directors of Syngene USA Inc.**

**Manoj Nerurkar**
*Director*

**M. B. Chinappa**
*Director*

Bengaluru
April 25, 2018