Independent Auditors' Report

To the Board of Directors of Syngene International Limited

Report on the Audit of Special Purpose Financial Statements of Syngene USA Inc.

Opinion

We have audited the special purpose financial statements of Syngene USA Inc. ("the Company"), which comprise the special purpose balance sheet as at 31 March 2022, the special purpose statement of profit and loss (including other comprehensive income), special purpose statement of changes in equity and special purpose statement of cash flows for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements").

The special purpose financial statements have been prepared in accordance with the basis of the preparation as set out in Note 1.2(a) of the special purpose financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose 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 2022, and 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 Companies Act, 2013 ("Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose 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 special purpose 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.

Emphasis of Matter - Basis of Accounting and Restriction on Use and Distribution

Without modifying our opinion, we draw attention to Note 1.2 to the special purpose financial statements, which describes the basis of preparation of the special purpose financial statements. The special purpose financial statements are prepared solely for the purpose of entity's internal use as mentioned in Note 1.2 of the special purpose financial statements. As a result, the special purpose financial statements may not be suitable for any other purpose. Our report is intended solely for the Company and should not be used by or distributed to any party other than the Company without our prior consent in writing.

Our opinion is not modified in respect of this matter.

Management and Board of Directors' Responsibility for the Special Purpose Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these special purpose financial statements in accordance with the basis of preparation as set out in Note 1.2(a) to the special purpose financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 special purpose 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, the Management and Board of Directors are 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.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 special purpose financial statements.

We also conducted our audit in accordance with the terms of reference vide our engagement letter to carry out work on such special purpose financial statements of the Company for the purpose of providing information to the Management.

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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Special Purpose Financial Statements made by Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors 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 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 Auditors' Report to the related disclosures in the 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 Auditors' 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 special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

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.

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

S Sethuraman
Partner
Membership Number: 203491
UDIN: 22203491AHWOKD2188
Place: Bengaluru
Date: 27 April 2022

Special Purpose Balance Sheet

As at 31 March 2022

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

	Note	31 March 2022	31 March 2021
ASSETS			
Non-current assets			
Income tax assets		24,745	-
Deferred tax assets		58,097	50,714
Total non-current assets		**82,841**	**50,714**
Current assets			
Financial assets			
Trade receivables	3	1,251,694	585,622
Cash and cash equivalents	4	246,498	605,106
Total current assets		**1,498,192**	**1,190,728**
Total assets		**1,581,033**	**1,241,443**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5	50,000	50,000
Other equity	6	647,275	387,675
Total equity		**697,275**	**437,675**
Current liabilities			
Financial liabilities			
Trade payables	7	841,758	660,880
Income tax liabilities		-	9,014
Other current liabilities	8	42,000	133,874
Total current liabilities		**883,758**	**803,768**
Total equity and liabilities		**1,581,033**	**1,241,443**

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

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 27, 2022

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

Jonathan Hunt
Director

Priyadarshini Mahapatra
Director

Bengaluru
April 27, 2022

Special Purpose Statement of Profit and Loss

For the year ended 31 March 2022

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

	Note	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations	9	3,752,450	3,016,576
Total income		**3,752,450**	**3,016,576**
Expenses			
Employee benefits expense	10	2,776,347	2,530,222
Other expenses	11	605,245	244,438
Total expenses		**3,381,592**	**2,774,660**
Profit before tax		**370,858**	**241,916**
Tax expense	15		
Current tax		118,641	123,289
Deferred tax		(7,383)	(50,714)
Total tax expense		**111,258**	**72,575**
Profit for the year		**259,600**	**169,341**
Earnings per equity share	17		
Basic and diluted (in USD)		519.20	338.68
Weighted average no. of shares in calculating earnings per share		500	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

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 27, 2022

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

Jonathan Hunt
Director

Priyadarshini Mahapatra
Director

Bengaluru
April 27, 2022

Special Purpose Statement of Changes in Equity

For the year ended 31 March 2022

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

A. Equity share capital

	31 March 2022	31 March 2021
Opening balance	50,000	50,000
Changes in equity share capital during the year	-	-
Closing balance	**50,000**	**50,000**

B. Other equity (refer note 6)

Particulars	Retained earnings	Total other equity
Balance as at 1 April 2020	218,334	218,334
Profit for the year	169,341	169,341
Balance as at 31 March 2021	**387,675**	**387,675**
Profit for the year	259,600	259,600
Balance as at 31 March 2022	**647,275**	**647,275**

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

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 27, 2022

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

Jonathan Hunt
Director

Priyadarshini Mahapatra
Director

Bengaluru
April 27, 2022

Special Purpose Statement of Cash Flows

For the year ended 31 March 2022

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

		Year ended 31 March 2022	Year ended 31 March 2021
I	**Cash flows from operating activities**		
	Profit for the year	259,600	169,341
	Adjustment to reconcile profit before tax to net cash flows		
	Tax expense	111,258	72,575
	Operating profit before working capital changes	**370,858**	**241,916**
	Movements in working capital		
	Decrease/(increase) in trade receivables	(666,071)	211,033
	Decrease/(increase) in other financial assets	-	(358,083)
	(Decrease)/increase in trade payables and other liabilities	89,004	447,246
	Cash generated from operations	**(206,209)**	**542,112**
	Income taxes paid	(152,400)	(117,666)
	Net cash flow generated from / (used in) operating activities	**(358,609)**	**424,446**
II	**Net increase / (decrease) in cash and cash equivalents**	**(358,609)**	**424,446**
III	Cash and cash equivalents at the beginning of the year	605,107	180,661
IV	**Cash and cash equivalents at the end of the year (II+ III)**	**246,498**	**605,107**
	Components of cash and cash equivalents as at the end of the year		
	Balances with banks - On current accounts	246,498	605,107
	Total cash and cash equivalents [refer note 4]	**246,498**	**605,107**

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

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 27, 2022

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

Jonathan Hunt
Director

Priyadarshini Mahapatra
Director

Bengaluru
April 27, 2022

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

1 Company Overview

1.1 Reporting Entity

Syngene USA Inc ("the Company"), wholly owned subsidiary of Syngene International Limited, was incorporated on 24 August 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 special purpose 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 special purpose 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 Act.

These special purpose financial statements have been prepared by 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 2022.

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

b) Functional and presentation currency

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

c) Basis of measurement

These special purpose financial statements have been prepared on the historical cost basis basis (i.e. on accrual basis), except certain financial assets and liabilities which 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 special purpose financial statements is included in the following notes:

Note 2(a) and 14 — Financial instruments; and

Note 2(d) and 16 — 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).

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 note 2(a) and 14 – 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;

— 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 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.
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.

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. 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.

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 customers, when the services are performed.

d. 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.

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.

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:

— 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 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.

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.

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

3. Trade receivables

	31 March 2022	31 March 2021
Unsecured, considered good*	1,251,693	585,622
	1,251,693	**585,622**

*Includes receivables from related party (refer note 12)

Aging schedule

31 March 2022	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	1,132,622	-	119,071	-	-	1,251,693
	1,132,622	**-**	**119,071**	**-**	**-**	**1,251,693**

31 March 2021	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	557,232	-	28,390	-	-	585,622
	557,232	**-**	**28,390**	**-**	**-**	**585,622**

All trade receivables are ‘current’. The Company’s exposure to credit risks related to trade receivables are disclosed in note 13.

4. Cash and cash equivalents

	31 March 2022	31 March 2021
Balances with banks:		
On current accounts	246,498	605,107
	246,498	**605,107**

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

5. Equity share capital

	31 March 2022	31 March 2021
Authorised		
5,000 (31 March 2021: 5,000) equity shares of USD 100 each (31 March 2021: USD 100 each)	500,000	500,000
Issued, subscribed and fully paid-up		
500 (31 March 2021: 500) equity shares of USD 100 each (31 March 2021: USD 100 each)	50,000	50,000

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

Equity shares	31 March 2022		31 March 2021	
	No.	USD	No.	USD
At the beginning of the year	500	50,000	500	50,000
Issued during the year	-	-	-	-
At the end of the year	**500**	**50,000**	**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

	31 March 2022		31 March 2021	
	No.	% holding	No.	% holding
Equity shares of USD 100 each fully paid				
Syngene International Limited, the holding company	500	100%	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.

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

7. Trade payables

	31 March 2022	31 March 2021
Trade payables	841,758	660,880
	841,758	**660,880**

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

Aging schedule

31 March 2022	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 Months	6 months – 1 year	1-2 years	Total
Trade payables	-	-	841,758	-	-	841,758
	-	**-**	**841,758**	**-**	**-**	**841,758**

31 March 2021	Outstanding for following periods from due date of payment					
	Unbilled	Not due	Less than 6 Months	6 months – 1 year	1-2 years	Total
Trade payables	-	-	660,880	-	-	660,880
	-	**-**	**660,880**	**-**	**-**	**660,880**

8. Other current liabilities

	31 March 2022	31 March 2021
Statutory dues	42,000	133,874
	42,000	**133,874**

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

9. Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of services	3,752,450	3,016,576
	3,752,450	**3,016,576**

9.1 Disaggregated revenue information

Set out below is the disaggregation of revenue:

Revenues from Sale of services by geography		
India	3,379,729	2,336,553
United States of America	372,721	680,023
	3,752,450	**3,016,576**

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

9.2 Contract balances

Trade receivables [refer note (i) below]	1,251,693	585,622
Contract liabilities [refer note (ii) below]	-	-

Notes:

(i) Trade receivables are non-interest bearing.

(ii) The Company does not have contract liabilities as at 31 March 2022 and 31 March 2021.

9.3 Performance obligation:

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

10. Employee benefits expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	2,532,440	2,303,434
Share based compensation expense	54,793	138,862
Staff welfare expenses	189,114	87,926
	2,776,347	**2,530,222**

11. Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Communication expenses	5,203	11,577
Travelling and conveyance	33,066	35,842
Professional charges	554,940	139,515
Sales promotion expenses	1,480	50,010
Rates and taxes	185	3,651
Miscellaneous expenses	10,371	3,843
	605,245	**244,438**

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

12. Related party transactions

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

Sl No	Name of the related party	Relationship	Description of transaction/ Balance	Transaction value		Balance as at	
				for the year ended 31 March 2022	for the year ended 31 March 2021	31 March 2022	31 March 2021
				Expenses / (Income)	Expenses / (Income)	Payable / (Receivable)	Payable / (Receivable)
(a)	Syngene International Limited	Holding Company	Sale of services	(3,379,729)	(2,336,553)	-	-
			Reimbursement of expense	54,793	138,862	-	-
			Trade and other receivables	-	-	(1,132,622)	(429,582)
			Trade and other payables	-	-	193,655	138,862

Notes:

(i) The Company has entered into an arrangement with Syngene International Limited, India to provide marketing and business development support services in United States of America 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.

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

13. Financial instruments : Fair value and risk management

A. Accounting classification and fair values

31 March 2022	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	1,251,693	1,251,693	-	-	-	-
Cash and cash equivalents	-	-	246,498	246,498	-	-	-	-
	-	**-**	**1,498,191**	**1,498,191**	**-**	**-**	**-**	**-**
Financial liabilities								
Trade payables	-	-	841,758	841,758	-	-	-	-
	-	**-**	**841,758**	**841,758**	**-**	**-**	**-**	**-**

31 March 2021	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	-	-	585,622	585,622	-	-	-	-
Cash and cash equivalents	-	-	605,107	605,107	-	-	-	-
	-	**-**	**1,190,729**	**1,190,729**	**-**	**-**	**-**	**-**
Financial liabilities								
Trade payables	-	-	660,880	660,880	-	-	-	-
	-	-	**660,880**	**660,880**	-	-	-	-

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 & unbilled revenue)

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.

(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.

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

The table below details the company's remaining contractual maturity for its financial liabilities as of 31 March 2022 :

Particulars	Less than 1 year	1 - 5 years	Total
Trade payables	841,758	-	841,758
Total	**841,758**	**-**	**841,758**

The table below details the company's remaining contractual maturity for its financial liabilities as of 31 March 2021 :

Particulars	Less than 1 year	1 - 5 years	Total
Trade payables	660,880	-	660,880
Total	**660,880**	**-**	**660,880**

(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.

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

15. Tax expense

		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Amount recognised in Statement of profit and loss**		
	Current tax	118,641	123,289
	Deferred tax	(7,383)	(50,714)
	Tax expense for the year	**111,258**	**72,575**
(b)	**Reconciliation of effective tax rate**		
	Profit before tax	370,858	241,916
	Tax at statutory income tax rate 30% (31 March 2020 : 34%)	111,258	72,575
	Income tax expense	**111,258**	**72,575**

(c) 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 2022	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
Timing difference that will reverse	50,714	7,383	-	-	58,097
	50,714	**7,383**	**-**		**58,097**
Deferred tax asset	**50,714**	**7,383**	**-**	**-**	**58,097**

For the year ended 31 March 2021	Opening balance	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Closing balance
Deferred tax asset					
Timing difference that will reverse	-	50,714	-	-	50,714
	-	**50,714**	**-**		**50,714**
Deferred tax asset	**-**	**50,714**	**-**	**-**	**50,714**

Notes to Special Purpose Financial Statements

For the year ended 31 March 2022

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

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 special purpose 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 excluding deferred tax assets as at 31 March 2022.

	Year ended 31 March 2022	Year ended 31 March 2021
Marketing and business development services		
India	3,379,729	2,336,553
United States of America	372,721	680,023
Total	3,752,450	3,016,576

17. Earnings per share (EPS)

	31 March 2022	31 March 2021
Earnings		
Profit for the year	259,600	169,341
Shares		
Weighted average number of shares used for computing basic and diluted EPS	500	500
Earnings per share - Annualised		
Basic (in USD)	519.20	338.68
Diluted (in USD)	519.20	338.68

18. Prior year's comparatives

Previous year's figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date attached

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

S. Sethuraman
Partner
Membership No. 203491

Bengaluru
April 27, 2022

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

Jonathan Hunt
Director

Priyadarshini Mahapatra
Director

Bengaluru
April 27, 2022