SYNGENE INTERNATIONAL LIMITED
BALANCE SHEET AS AT MARCH 31, 2008

(All amounts in Indian Rupees thousands)

	Notes	March 31, 2008	March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Capital	3	28,750	28,750
Reserves and surplus	4	1,849,595	1,517,823
		1,878,345	1,546,573
SECURED LOANS	5	387,800	-
DEFERRED TAX LIABILITY	6	41,877	24,701
		2,308,022	1,571,274
APPLICATION OF FUNDS			
FIXED ASSETS			
Cost	7	1,801,517	969,911
Less: Accumulated depreciation		377,075	224,265
Net book value		1,424,442	745,646
Capital work-in-progress [including capital advances of Rs 80,318 (March 31, 2007 - Rs 9,445)]		734,631	357,465
		2,159,073	1,103,111
INVESTMENTS	8	151,290	495,218
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	9	70,313	95,828
Sundry debtors	10	254,649	274,359
Cash and bank balances	11	6,451	36
Loans and advances	12	174,325	45,007
		505,738	415,230
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	13	487,135	425,193
Provisions		20,944	17,092
		508,079	442,285
NET CURRENT ASSETS		(2,341)	(27,055)
		2,308,022	1,571,274

The accompanying notes 1 to 23 form an integral part of this balance sheet.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 21, 2008

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M.B Chinappa
President - Finance

SYNGENE INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in Indian Rupees thousands, except share data and per share data)

	Notes	March 31, 2008	March 31, 2007
INCOME			
Contract research fees		1,154,765	965,927
Sale of compounds		425,849	316,060
Interest income		-	51
Dividend income		23,419	34,150
Gain on sale of investments		250	740
		1,604,283	**1,316,928**
EXPENDITURE			
Contract research and other operating expenses	14	1,086,988	732,302
Interest and finance charges	15	4,620	866
		1,091,608	733,168
PROFIT BEFORE DEPRECIATION AND TAX		**512,675**	**583,760**
Depreciation	7	158,023	71,578
PROFIT BEFORE TAX		**354,652**	**512,182**
Provision for taxation			
Current tax		23,261	7,442
Less: MAT credit entitlement		(19,154)	-
Deferred tax	6	17,176	7,115
Fringe benefit tax		1,597	974
NET PROFIT FOR THE YEAR		**331,772**	**496,651**
Balance brought forward from previous year		1,472,030	975,379
BALANCE, END OF THE YEAR		**1,803,802**	**1,472,030**
Earnings per share (equity shares, par value Rs 10 each) Basic and diluted (in Rs)		115.40	172.75
Weighted average number of shares used in computing earnings per share, basic and diluted		2,875,000	2,875,000

The accompanying notes 1 to 23 form an integral part of the profit and loss account.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M.B Chinappa
President - Finance

Bangalore
April 21, 2008

SYNGENE INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in Indian Rupees thousands)

		March 31, 2008	March 31, 2007
I	CASH FLOWS FROM OPERATING ACTIVITIES :		
	Net profit before tax	**354,652**	**512,182**
	Adjustments for		
	Add: Non cash item/items required to be disclosed separately:		
	Depreciation	158,023	71,578
	Unrealised exchange (gain)/loss	12,796	514
	Bad debts written off	276	-
	Interest expense	4,620	938
	Interest income (gross)	-	(51)
	Dividend earned (gross)	(23,419)	(34,150)
	Gain on sale of investment	(250)	(740)
	Loss of sale of assets	3,916	960
	Changes in working capital and other provisions		
	Inventories	25,515	(44,054)
	Sundry debtors	7,921	(114,808)
	Loans and advances	(38,625)	(22,335)
	Current liabilities and provisions (including book overdraft)	61,529	79,391
	Cash generated from operations	**566,954**	**449,425**
	Tax paid (net of refunds)	(96,325)	(19,723)
	Net cash provided by operating activities	**470,629**	**429,702**
II	CASH FLOWS FROM INVESTING ACTIVITIES :		
	Fixed assets		
	Purchase	(1,214,991)	(455,745)
	Sale	-	550
	Interest received	-	51
	Dividend received	23,419	34,150
	Sale of investments	2,277,356	1,309,342
	Purchase of investments	(1,933,178)	(1,317,083)
	Net cash used for investing activities	**(847,394)**	**(428,735)**
III	CASH FLOWS FROM FINANCING ACTIVITIES :		
	Short term borrowings from banks, net	387,800	-
	Interest paid	(4,620)	(938)
	Net cash used for financing activities	**383,180**	**(938)**
IV	NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	**6,415**	**29**
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**36**	**7**
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)	**6,451**	**36**
	COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
	Cash on Hand	**43**	**36**
	Balance with Banks - in current account	**6,408**	**-**
		6,451	**36**

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 21, 2008

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Managing Director

JMM Shaw
Director

M.B Chinappa
President - Finance

SYNGENE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in Indian Rupees thousands, except share data and per share data)

1. Background

Syngene International Limited ('Syngene' or 'the Company') was promoted by Biocon and Ms Kiran Mazumdar Shaw, a promoter of Biocon Limited ('Biocon'), and was incorporated at Bangalore in 1993. At March 30, 2002, the Company became the subsidiary of Biocon.

The Company is engaged in providing contract research services to overseas customers in the field of synthetic chemistry, molecular biology and custom synthesis.

2. Statement of significant accounting policies

a. (i) Basis of preparation

The financial statements have been prepared to comply in all material respects with the accounting standards, notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(ii) Changes in Accounting Policies

Accounting for foreign exchange differences

Effective April 1, 2007, foreign exchange gains or losses on liabilities pertaining to acquisition of fixed assets from outside India are recorded in the profit and loss account. Until March 31, 2007, such foreign exchange gains or losses were adjusted with the cost of the respective fixed assets. Also refer Note 7.

Consequent to the Announcement made by the Institute of Chartered Accountants of India at its Council meeting held between March 27-29, 2008, based on the principles of prudence, the Company has recorded the losses on the derivatives entered into by the Company and outstanding as at the balance sheet date except in cases where foreign exchange forward contracts are considered to be a hedge of the underlying after taking into consideration factors like the amounts hedged, maturity dates of the instrument, price protection arrangements with the customers etc. Such losses are determined based on a portfolio of each separate class of derivatives by marking the derivatives to market.

Accordingly, during the year ended March 31, 2008, the Company recorded a loss of Rs 12,721 on its foreign exchange forward contracts outstanding at March 31, 2008. The Company does not have any other derivative instruments as at the balance sheet date. In case of foreign exchange forward contracts to which Accounting Standard (AS) 11 - The Effects of Changes in Foreign Exchange Rates applies, the Company accounts for the same under the requirements of AS 11.

b. Fixed assets and depreciation

Fixed assets are stated at cost less impairment loss, if any, and accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets. Fixed assets are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful life of the assets, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as follows.

	Per cent
Buildings	4.00
Plant and machinery	11.11 - 33.33
Furniture and fixtures	16.67
Vehicles	16.67

Assets individually costing less than Rs 5 are fully depreciated in the year of purchase.

c. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d. Inventories

Inventories comprise chemicals and reagents, and are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

e. Revenue recognition

(i) *Contract research fee*
Contract research fees are recognised as services are rendered, in accordance with the terms of the contracts in case of services performed on "time and material basis". Revenues relating to fixed price contracts are recognised based on the percentage of completion method.

(ii) Sale of compounds
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and comprise of amounts invoiced for goods sold.

f. Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

g. Retirement benefits

Effective April 1, 2006, the Company adopted the revised accounting standard on employee benefits. The Company has schemes of retirement benefits for provident fund and gratuity. Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the government funds are due.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made as at the Balance Sheet date. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme with Birla Sun Life Insurance Company Limited ('Birla Sunlife'). Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

Liability for leave encashment is in accordance with the rules of the Company. Short term compensated absences are provided based on estimates. Long term compensated absences are provided based on an actuarial valuation as at the balance sheet date.

h. Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences relating to the acquisition of fixed assets are recorded in the Profit and Loss Account.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Foreign Currency Options Contracts not intended for trading or speculation purposes

The Company enters into foreign currency option contracts to hedge its risks with respect to realisation of future receivables. The costs of these contracts, if any, are expensed over the period of the contract. The Company recognises the loss/gain on the Expiry or Cancellation, whichever is earlier, of the Options Contracts.

i. Income tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative tax (MAT) credit 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 specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

j. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

k. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average numbers of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

l. Operating lease

Where the Company is a Lessee:
Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

m. Segment reporting

Identification of segments:

The Company's operating businesses are organised and managed separately according to the nature of products manufactured and services provided, with each segment representing a strategic business unit that offers different products and services to different markets. The analysis of geographical segments is based on the areas in which the major operating divisions of the Company operate.

Inter-segment Transfers:

The Company generally accounts for inter-segment sales and transfers made to third parties at current market prices.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The Corporate and other segment include general corporate income and expense items which are not allocated to any business segment.

n. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

p. Cash & Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

3. Capital

	March 31, 2008	March 31, 2007
Authorised:		
3,500,000 (March 31, 2007 - 3,500,000) equity shares of Rs 10 each	35,000	35,000
Issued, subscribed and paid up :		
2,875,000 (March 31, 2007 - 2,875,000) equity shares of Rs 10 each fully paid	28,750	28,750

Of the above, 2,874,830 (March 31, 2007 - 2,874,830) equity shares are held by Biocon Ltd., the holding company.

4. Reserves and surplus

	March 31, 2008	March 31, 2007
General reserve	45,600	45,600
Securities premium	193	193
Balance in profit and loss account	1,803,802	1,472,030
	1,849,595	1,517,823

5. Secured loans

	March 31, 2008	March 31, 2007
From banks		
Cash credit, packing credit, etc.	387,800	-
	387,800	-

(i) The Company entered into an agreement with State Bank of India (SBI) to avail a rupee and foreign currency denominated fund based working capital facilities. These facilities are repayable on demand, and are secured by hypothecation of all present and future current assets and fixed assets (Machinery) by way of first charge. The Company has utilised Rs. 119,910 (March 31, 2007 - Rs Nil) inclusive of foreign currency denominated loans of Rs 119,910 (US$ 3 Million) [March 31, 2007 - Rs Nil, (US$ Nil)] as of March 31, 2008.

(ii) The Company renewed its fund and non fund based working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand and are secured by exclusive charge on plant & machinery . The Company has utilised fund based limits of Rs 119,910 (March 31,2007 - Rs Nil), inclusive of foreign currency denominated loans of Rs 119,910 (US$ 3 Million) [March 31, 2007 - Rs Nil (US$ Nil)] as of March 31, 2008.

(iii) The Company obtained working capital facilities from ABN Amro Bank for US$ 5 Million , payable on demand and secured by a pari passu charge on the present and future movable assets. The Company obtained buyer's credit for import facility from ABN Amro Bank for US$ 5 Million payable on demand and secured by a pari passu charge on movable fixed assets of the Company. The Company has utilised Rs.119,910 and Rs. 28,070 of working capital facilities and Buyer's credit respectively as at March 31, 2008.

6. Deferred tax liability

	Deferred tax (asset) / liability as at April 1, 2007	Current year charge / (credit)	Deferred tax (asset) / liability as at March 31, 2008
Depreciation	29,862	18,241	48,103
Employee retirement benefits	(5,161)	(1,065)	(6,226)
	24,701	17,176	41,877
Year ended March 31, 2007	*17,586*	*7,115*	*24,701*

The Company has export oriented units which claim deduction of income under the provisions of the Income tax Act, 1961. Deferred tax asset/liability is recognised in repect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

[THIS SPACE IS INTENTIONALLY LEFT BLANK]

7. Fixed Assets	Balance at the beginning of the year	Additions during the year	Deletions during the year	Balance at the end of the year
Cost				
Buildings	271,302	93,697	-	**364,999**
Plant and machinery	673,621	736,045	9,129	**1,400,537**
Furniture and fixtures	23,545	10,993	-	**34,538**
Vehicles	1,443	-	-	**1,443**
	969,911	840,735	9,129	**1,801,517**
Year ended March 31, 2007	*704,061*	*277,648*	*11,798*	*969,911*
Accumulated depreciation				
Buildings	14,795	13,773	-	**28,568**
Plant and machinery	197,507	137,530	5,213	**329,824**
Furniture and fixtures	11,766	6,479	-	**18,245**
Vehicles	197	241	-	**438**
	224,265	158,023	5,213	**377,075**
Year ended March 31, 2007	*156,472*	*72,590*	*4,797*	*224,265*
Net book value				
Buildings	256,507			**336,431**
Plant and machinery	476,114			**1,070,713**
Furniture and fixtures	11,779			**16,293**
Vehicles	1,246			**1,005**
	745,646			**1,424,442**
Year ended March 31, 2007	*547,589*			*745,646*

Note:-

a. Effective April 1, 2007, foreign exchange gain of Rs 2,953 on liabilities relating to fixed assets are recorded in profit and loss account. For the year ended March 31, 2007 net foreign exchange loss of Rs 4,424 was adjusted in fixed assets. Also refer note 2 (a) (ii).

b. Capital work in progress includes Rs.1,025 (March 31, 2007- Rs. Nil) towards interest on foreign currency loans and Rs 938 (March 31, 2007- Rs Nil) towards retranslation loss of foreign currency loan. These costs has been capitalised under AS-16 Borrowing Costs.

c. Depreciation charge for the year ended March 31, 2007 is net of reversal of accumulated depreciation of Rs 69 and Rs 944 under Building and Plant and Machinery on account of reversal of entry tax capitalised in the earlier year.

8. Investments

	March 31, 2008	March 31, 2007
Current and unquoted (at lower of cost and fair market value)		
Nil units (March 31, 2007 - 3,000,000) of Rs 10 each in Reliance Mutual Fund [Market Value Rs Nil (March 31, 2007 - Rs 30,000)]	-	30,000
5,097,457 units (March 31, 2007 - 2,665,165) of Rs 10 each in ABN AMRO Liquid Fund [Market Value Rs 50,976 (March 31, 2007 - Rs 26,652)]	50,976	26,652
Nil units (March 31, 2007 - 7,393,385) of Rs 10 each in Deutsche Mutual Fund [Market Value Rs Nil (March 31, 2007 - Rs 73,934)]	-	73,934
Nil units (March 31, 2007 - 5,238,573) of Rs 10 each in Kotak Mutual Fund - FMP Market Value Rs Nil (March 31, 2007 - Rs 52,386)]	-	52,386
9,550,985 units (March 31, 2007 - Nil) of Rs 10 each in Tata Mutual Fund - FMP Market Value Rs 100,480 (March 31, 2007 - Rs Nil)]	100,314	-
Nil units (March 31, 2007 - 3,254,649) of Rs 10 each in HSBC Mutual Fund - Cash Fund [Market Value Rs Nil (March 31, 2007 - Rs 32,565)]	-	32,565
Nil units (March 31, 2007 - 1,884,189) of Rs 10 each in HSBC Mutual Fund - Liquid Fund [Market Value Rs Nil (March 31, 2007 - 18,828)]	-	18,828
Nil units (March 31, 2007 - 42,906) of Rs 10 each in ING Vysya Liquid Fund [Market Value Rs Nil (March 31, 2007 - Rs 430)]	-	430
Nil units (March 31, 2007 - 7,009,374) of Rs 10 each in Lotus India Mutual Fund [Market Value Rs Nil (March 31, 2007 - Rs 70,094)]	-	70,094
Nil units (March 31, 2007 - 3,025,410) of Rs 10 each in Standard Chartered Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 30,254)]	-	30,254
Nil units (March 31, 2007 - 2,000,460) of Rs 10 each in HDFC Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 20,005)]	-	20,005
Nil units (March 31, 2007 - 14,007,203) of Rs 10 each in ABN AMRO Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 140,070)]	-	140,070
Aggregate amount of unquoted investments	151,290	495,218

The following investments were purchased and sold during the year	March 31, 2008	March 31, 2007
Purchase and sale of 68,228,542 units (March 31, 2007 - 44,784,189) of Rs 10 each in HSBC - Mutual Fund	683,005	447,943
Purchase and sale of nil units (March 31, 2007 - 8,016,767) of Rs 10 each in HSBC - Liquid Plan	-	80,169
Purchase and sale of nil units (March 31, 2007 - 7,393,385) of Rs 10 each in Deutsche Mutual Fund-FMP	-	73,934
Purchase and sale of 5,434,169 units(March 31, 2007 - 4,188,049) of Rs 10 each in Kotak Mutual Fund-Inst	54,511	51,212
Purchase and sale of nil units (March 31, 2007 - 57,192) of Rs 10 each in Deutsche Insta Cash Fund	-	572
Purchase and sale of nil units (March 31, 2007 - 7,099,085) of Rs 10 each in DSP Meryll Lynch Mutual Fund	-	70,991
Purchase and sale of nil units (March 31, 2007 - 11,010,808) of Rs 10 each in LIC Mutual Fund-FMP	-	110,108
Purchase and sale of 393,659 units(March 31 2007 - 61,747) of Rs 15 each in Reliance Mutual Fund	6,000	617
Purchase and sale of nil units(March 31 2007 - 16,702,756) of Rs 10 each in ABN Amro Mutual Fund FMP	-	167,027
Purchase and sale of 51,995,138units(March 31 2007 - Nil) of Rs 10 each in ABN Amro Mutual Fund	519,954	-
Purchase and sale of nil units (March 31, 2007 - 19,576) of Rs 15 each in Reliance Liquid Plan	-	300
Purchase and sale of nil units (March 31, 2007 - 10,201,147) of Rs 10 each in Reliance Mutual Fund- Floating rate	-	102,404
Purchase and sale of 2,999,736 units (March 31, 2007 - 13,253) of Rs 10 each in Grindlays Liquid Plan	30,005	133
Purchase and sale of 29,994 units (March 31, 2007 - Nil) of Rs 1000 each in Grindlays Liquid Plan	30,000	-
Purchase and sale of nil units (March 31, 2007 - 5,248,908) of Rs 10 each in Deutsche Liquid Plan	-	52,633
Purchase and sale of 5,360,576 units (March 31, 2007 - 52,385,731) of Rs 10 each in Kotak Mutual Fund-FMP	53,606	52,386
Purchase and sale of nil units (March 31, 2007 - 8,604,163) of Rs 10 each in HDFC FMP	-	87,526
Purchase and sale of 2,001,118 units (March 31, 2007 - Nil) of Rs 10 each in HDFC Mutual Fund - FMP	20,074	-
Purchase and sale of 5,000,000 units (March 31, 2007 - Nil) of Rs 10 each in ING Mutual Fund - FMP	50,000	-
Purchase and sale of 4,998,351 units (March 31, 2007 - Nil) of Rs 10 each in ING Mutual Fund	50,000	-
Purchase and sale of 13,247,296 units (March 31, 2007 - Nil) of Rs 10 each in Lotus Mutual Fund	132,560	-
Purchase and sale of 5,322,283 units (March 31, 2007 - 8,204,785) of Rs 10 each in DWS Liquid Plan	53,375	82,048
Purchase and sale of 7,563,543 units (March 31, 2007 - Nil) of Rs 10 each in DWS Mutual Fund - FMP	75,635	-
Purchase and sale of 2,341,669 units (March 31, 2007 - 3,097,594) of Rs 10 each in DWS Mutual Fund	23,477	30,976

9. Inventories

	March 31, 2008	March 31, 2007
Chemicals and reagents	70,313	95,828

10. Sundry debtors (unsecured and considered good)

	March 31, 2008	March 31, 2007
Debts outstanding for a period exceeding six-months	180	102
Other debts	254,469	274,257
	254,649	**274,359**

Other debts include unbilled revenues of Rs 28,945 (March 31, 2007 - Rs 1,656) with respect to services rendered to customers.

11. Cash and bank balances

	March 31, 2008	March 31, 2007
Cash on hand	43	36
Balances with scheduled banks in:		
Current account	6,408	-
	6,451	**36**

12. Loans and advances (unsecured and considered good)

	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received	4,986	10,389
Balances with Customs, Excise and Sales Tax Authorities	65,556	22,619
Deposits	2,215	1,130
Advance income-tax, net of provision	82,414	10,869
MAT credit entitlement	19,154	-
	174,325	**45,007**

Included under Deposits is rent deposit of Rs 2,135 (March 31, 2007 - Rs 1,050) paid to Biocon Limited, the holding company.

13. Current liabilities and provisions

	March 31, 2008	March 31, 2007
Current liabilities		
Sundry creditors		
Capital	214,065	212,097
Others (See note a below)	110,644	137,238
Advances from customers	116,183	5,453
Balance in current account with bank represents book overdraft	26,215	50,465
Other liabilities	20,028	19,940
	487,135	**425,193**
Provisions for		
Leave encashment	18,319	15,180
Gratuity	2,525	1,889
Fringe benefit tax, net of advance tax	100	23
	20,944	**17,092**
	508,079	**442,285**

	March 31, 2008	March 31, 2007
(a) Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act)		
(i) Principal amount due	49,050	17,505
Interest due thereon remaining unpaid as at the end of year	1,234	394
(ii) Interest, if any paid in terms of Section 16 of the MSMED Act, during the year	-	-
(iii) Interest due and payable for the period of delay in making payment, during the year	1,142	358
(iv) Interest accured and remaining unpaid at the end of the year		
- F.Y. 2006-2007	394	55
- F.Y. 2007-2008	1,234	-
(v) Interest remaining due and payable in succeeding years	1,628	55

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/ suppliers.

14. Contract research and other operating costs

	March 31, 2008	March 31, 2007
Research material costs		
Chemicals and reagents consumed	483,715	349,060
Employee costs		
Salaries, bonus and incentives	314,143	219,317
Contribution to provident fund	15,262	10,609
Gratuity and leave encashment	5,664	4,096
Employee stock compensation expense	19,115	20,958
Welfare expenses	12,530	6,755
Director's sitting fees	120	120
Selling, general and administrative expenses		
Rent	2,704	1,553
Communication	7,909	3,700
Travelling and conveyance	15,715	11,873
Professional charges	8,270	4,924
Power and water charges	73,021	36,205
Facility charges	26,782	9,110
Insurance	2,704	1,831
Rates, taxes and fees	1,160	451
Repairs and maintenance		
Plant and machinery	20,101	13,235
Buildings	2,717	728
Others	12,876	7,958
Selling expenses		
Freight outwards and clearing charges	5,471	3,236
Sales promotion	3,808	3,600
Printing and stationery	4,092	2,350
Bad debts written off	276	-
Loss on sale of assets (net)	3,916	960
Loss/(gain) on forward contract, net	14,830	-
Foreign exchange loss (net)	11,023	(1,751)
Miscellaneous expenses	19,064	21,424
	1,086,988	732,302

15. Interest and finance charges

Interest expense, net of amounts capitalised to fixed assets Rs. 1,025 (March 31, 2007 - Rs. Nil)	2,218	179
Bank charges	2,402	687
	4,620	866

16. Related party transactions

Sl No	Name of the related party	Relationship	Description	April 1, 2007 to March 31, 2008	Balance as at March 31, 2008 Payable / (Receivable)	April 1, 2006 to March 31, 2007	Balance as at March 31, 2007 Payable / (Receivable)
(a)	Biocon Limited	Holding Company					
			Rent expense	2,704	-	1,553	-
			Management charges paid (Note (iii))	2,400	-	2,400	-
			Rent deposit paid	1,085	(2,135)	-	(1,050)
			Purchase of goods	104	-	9,870	1,134
			ESOP compensation expense (Note (ii))	19,115	-	20,958	-
			Power and facility charges	104,104	-	45,315	-
(b)	Clinigene International Limited	Fellow Subsidiary Company	Services Received	3,502	-	-	-

(i) Biocon has given corporate guarantees of Rs 217,500 (March 31, 2007 - Rs 217,500) to the Customs and Excise department ('CED') on behalf of the Company and the Company has furnished a corporate guarantee of Rs 465,000 (March 31, 2007 - Rs 465,000) on behalf of Biocon to the CED.

(ii) Biocon has given stock options in Biocon to certain employees of the Company in respect of which no charges have been made by Biocon under the erstwhile ESOP Plan for the grant made before April 1, 2005. The corresponding compensation cost amortised during the year is Rs 936(March 31, 2007 - Rs 936), which is recorded in the books of Biocon. On July 18, 2006, Biocon has further granted stock options to the employees of the Company and the corresponding compensation cost has been recorded in the books of the Company.

(iii) Effective January 1, 2004, Biocon has entered into an agreement with the Company to provide general management support, for which an agreed upon management charge has been levied. Effective from October 1, 2006, the Company has entered into service agreement with 'Biocon SEZ Developer' of Biocon Limited for providing of certain facilities and services to its SEZ unit. The facility charges of Rs 31,284 (March 31, 2007- Rs. 9,110)and power charges of Rs 72,820 (March 31, 2007 - Rs.36,205) have been charged by Biocon Limited for the year ended March 31, 2008

(iv) Fellow subsidiary company with whom the Company did not have any transactions during the year - Biocon Biopharmaceuticals Private Limited

17. Employee Benefit Plans

The Company has defined contributory plans for retirement benefits of employees. A summary of the gratuity plan is as follows

Fund balance

	March 31, 2008	March 31, 2007
Defined benefit obligation	17,887	14,345
Fair value of plan assets	15,362	12,456
Plan Liability	2,525	1,889

The change in benefit obligation and funded status of the gratuity plan for the year ended March 31, 2008 is as follows:

Change in benefit obligation		
Benefit obligation at the beginning of the year	14,345	13,330
Current Service cost	4,153	1,318
Past Service cost	-	257
Interest cost	1,113	873
Benefits paid	(574)	(1,197)
Actuarial (gain) / loss	(1,150)	(236)
Benefit obligation at the end of the year	17,887	14,345
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	12,456	9,953
Return on plan assets	1,591	689
Actuarial gain / (loss)	-	(366)
Actual contribution	1,889	3,377
Benefits paid	(574)	(1,197)
Fair value of plan assets at end of year	15,362	12,456

Net gratuity cost for the year ended March 31, 2008 and year ended March 31, 2007 are as follows:

Components of net benefit cost		
Current Service cost	4,153	1,318
Past Service cost	-	257
Interest cost	1,113	873
Expected return on plan assets	(1,591)	(689)
Net actuarial (gain) / loss recognised during the year	(1,150)	130
Net gratuity cost	2,525	1,889

The assumptions used in accounting for the gratuity plan are as below:

Interest rate	8.20%	7.50%
Discount rate	8.20%	7.50%
Expected return on plan assets	8.20%	7.50%
Salary increase	9.00%	8.00%
Attrition rate upto age 44	17.00%	2.00%
Attrition rate above age 44	16.00%	1.00%
Retirement age (Years)	58	58

The Company evaluates these assumptions based on its long-term plans of growth and industry standards. The nature of assets allocation of the Fund is only in debt based mutual funds of high credit rating.

18. Supplementary profit and loss data

a. Payment to auditors (included in professional charges)

	March 31, 2008	March 31, 2007
Statutory audit	425	500
Tax audit	75	75
Out of Pocket Expenses	36	13
	536	588

b. Consumption of laboratory chemicals

	March 31, 2008		March 31, 2007	
	Quantity	Amount	Quantity	Amount
Chemicals and reagents	*	483,715	*	349,060
	Per cent	Amount	*Per cent*	Amount
Imported	27	129,092	25	86,090
Indigenous	73	354,623	75	262,970
		483,715		349,060

* Due to numerous items classified thereunder, it is not practical to quantify consumption of individual items.

Consumption values have been derived on the basis of opening stock plus purchases less closing stock and therefore include adjustments ascertained during physical count, write off of obsolete items, etc.

c . Value of imports on CIF basis

Chemicals and reagents	133,870	90,646
Capital goods	502,293	323,552
	636,163	414,198

d. Expenditure in foreign currency (on accrual basis)

Travel	4,026	3,980
Interest on packing credit, including amounts capitalised	2,211	-
Others	18,540	37,699
	24,777	41,679

e. Earnings in foreign currency (on accrual basis)

Exports on FOB basis	425,849	316,060
Contract research fees	1,153,406	965,927
	1,579,255	1,281,987

19. Commitments

	March 31, 2008	March 31, 2007
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	844,285	184,932

(b) Operating lease commitments

(i) Rent

The Company has entered into lease agreements which expires over a period ranging upto 2013. Gross rental expenses for the year aggregate to Rs. 2,704 (March 31, 2007 - Rs 1,553). The committed lease rentals in the future are:

Not later than one year	3,123	1,619
Later than one year and not later than five years	13,375	7,269
Later than five years	-	2,058

(ii) Vehicles

The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto May 2010. Gross rental expenses for the year aggregate to Rs 2,983 (March 31, 2007 - Rs 1,404). The committed lease rentals in the future are:

Not later than one year	3,701	2,067
Later than one year and not later than five years	5,778	2,893

20. Derivative Instruments

The Company has entered into forward exchange contract to hedge highly probable forcasted transactions. As at March 31, 2008, the Company has forward contracts to sell $40 million, expiring on April 30, 2008 inrespect of the forecasted transactions. The impact of marked to market of these forward exchange contracts is Rs 12,721 loss as at March 31, 2008 which has been recognised in the profit and loss account in accordance with the Company's accounting policy.

As at March 31, 2008, the Company has unhedged foreign currency receivables of Rs 7,116(March 31, 2007- Rs Nil) and unhedged foreign currency payables of Rs 26,257 (March 31, 2007 - Rs Nil).

21. Contingent liabilities

(a) The Company has given two corporate guarantees in favour of the CED in respect of certain performance obligations of Biocon aggregating to Rs 465,000 (March 31, 2007 - Rs 465,000). The Company has informed that the necessary terms and conditions have been complied with and no liability has arisen till date.

(b) Taxation matters under appeal	105,391	-

22. Segmental Information

The Company is primarily engaged in a single business segment of providing contract research services and in some instance as per the terms of the agreement, separately invoices for the resultant sale of compounds arising out of the contract research services, and is managed as one entity, governed by similar sets of risks and returns. The operations of the Company to provide contract research services is primarily catered for the export market, which the management views as a single segment.

23. Prior year comparatives

The previous years' figures have been re-grouped / reclassified, wherever necessary to conform to the current years' classification.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 21, 2008

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Managing Director

JMM Shaw
Director

M.B Chinappa
President - Finance