

# Chairperson's Message



Dear Shareholders,

**Technology has enabled us to build a streamlined, integrated organisation that delivers innovative research to support end-to-end discovery, development and manufacturing services for our clients and partners. We have continued to invest in state-of-the-art infrastructure combined with digital automation and electronic documentation in our laboratories as well as in our newly commissioned commercial scale manufacturing facility. These advanced features enable us to be globally competitive in a rapidly evolving digital world.**

We have delved even deeper into new technologies that keep our science and scientists at the forefront of their specialties. During the year, we expanded our research footprint in Genome Valley, near the city of Hyderabad, a leading biotechnology hub in the country, with a 100,000 sq. ft. facility that can house nearly 300 multi-disciplinary scientists and allows us access to a new pool of scientific talent. We also added a new laboratory and a vivarium at our main campus in Bengaluru. We have ensured that all our new facilities have incorporated high environmental standards as well as the latest in laboratory technology, including electronic laboratory notebooks.

Our service offering continues to support a diversified client base that includes global pharma and non-pharma multinationals, medium-sized companies and small biotech start-ups. We have seen several large contract renewals and a number of new engagements during the year. Our deepening relationships with long-standing customers are a reflection of our scientific capabilities backed by world-class quality and safety processes. We have also focussed on timely and cost-effective project delivery.

### **Financial Performance**

All these efforts have enabled us to deliver a robust performance for the year under review. Total revenue for the year grew by 10%, translating into a 14% growth in EBITDA and 10% growth in Profit after Tax (PAT). Our active client base increased to more than 360 from 331 in the previous year; 25% of whom have a customer relationship extending beyond 5 years.

Biologics is an area of strategic priority for us. Globally, there is a growing demand for discovery and development services that cater to biologics or large molecules. Accordingly, the Company has been making significant investments in strengthening biologics research, development and manufacturing capabilities to provide 'clone to clinic' as well as CMO services.

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In terms of our core business, our Integrated Drug Discovery approach has played a significant role in driving strong growth in Discovery Services.

As an organisation, we recognise that in order to serve our customer needs, we require a strong leadership team with skills and experience that is commensurate with that of our clients. We have made four key appointments to the executive leadership team during the year. These are professionals who bring deep domain knowledge and vast international leadership experience that will enable our Company to have a deeper understanding of the global competitive landscape. We are already seeing the benefit of their impact in the financial performance this financial year and I am confident that their insights will significantly shape our activities in the years to come.

## Compliance

Compliance has continued to remain in sharp focus. We have invested in a number of software tools that align our processes and capabilities to the highest global standards. Furthermore, we have ensured that we have additional checks and balances through our own internal audit programmes that assure compliance to customer and regulatory auditable standards. During the year, we have had several satisfactory regulatory outcomes.

## Board Changes

In keeping with global governance practices, the Board decided to separate the roles of Managing Director and Chairperson. Accordingly, Jonathan Hunt, who served as Whole-time Director and Chief Executive Officer, was appointed as Managing Director and Chief Executive Officer from April 1, 2020. My own appointment was converted from Chairperson and Managing Director to that of Non-Executive Chairperson from the same date. Over the past four years, under Jonathan's leadership, the Company has shown considerable growth through expansion into new, emerging areas of research and development. The Board is confident that Jonathan's clear vision will enable the Company to continue to prosper in the years to come.

Dr. Bala Manian, an Independent Director of the Company since 2015, will retire from the Board on his 75<sup>th</sup> Birthday on July 15, 2020. He has chaired the Nominations & Remuneration Committee and the CSR Committee. I would, on behalf of the Board, Shareholders and the Company, like to express my deep appreciation for his immense scientific guidance to the scientists and to the Board. Vinita Bali, Independent Director, will succeed him as Chairperson of the NRC and Prof. Catherine Rosenberg, Non-Independent Director will chair the CSR committee upon his retirement.

## Outlook

The COVID-19 pandemic has introduced unprecedented challenges to the world economy. The urgent demand for healthcare solutions to combat the virus is expected to drive greater investment in scientific research. In this context, we believe that integrated research, development

and manufacturing organisations like Syngene can play an important role in supporting pharma and bio-pharma industries, as well as other philanthropic and government stakeholders in their collective quest for innovative diagnostics, therapies and vaccines. Furthermore, as companies look to diversify their supply chain as a result of their experiences during the pandemic, our Company has the opportunity to garner a greater share of the global contract research business. However, this will call for leaner and more flexible and efficient business models in a cost-competitive and time-sensitive operating environment. The adept use of data and analytics in delivering early insights to reduce research and development timelines has a growing importance and we are addressing these emerging opportunities.

The year ahead will not be normal. The impact of COVID-19 has necessitated a re-evaluation and reconfiguration of our operations. We have marshalled our talent, experience, technology, and resources to respond rapidly and maintain business continuity. We have very quickly enforced workplace protocols that have strict protection measures across all our sites to ensure that we can operate safely at near normal levels by optimising on-site and remote working. We are cognisant of the likely challenges to access capital and whilst we are a well-funded business, we will exercise prudence in our spending and investments to maintain comfortable liquidity.

As part of India's response to the global pandemic, I am very proud that our scientists and researchers have worked tirelessly around the clock to accelerate science-based solutions for COVID-19. We have repurposed one of our laboratories to set up a RT-PCR-based COVID-19 testing facility in record time and our dedicated team of specially trained scientists have been testing thousands of samples received from hospitals across the State of Karnataka, a gesture that has been recognised and appreciated by the Government of Karnataka. The Company has also collaborated with a number of biotech companies both nationally and internationally in supplying them with reagents or research support to develop diagnostic testing kits, therapeutics and vaccines.

## Dividend

Owing to the uncertainty created by the unprecedented circumstances of the COVID-19 pandemic, the Board of Directors has deemed it prudent not to declare a dividend for FY20 in order to prioritise cash and maintain liquidity. As the business environment evolves over the coming months, the Board will review the dividend payable as appropriate.

## Conclusion

In closing, I would like to express my sincere thanks to everyone who has contributed to our success over the past year. In particular, I want to recognise the important role played by my fellow Directors on the Board and thank them for the time, dedication and wise counsel that they have provided. I would also like to thank our clients, partners and suppliers for the trust they place in us and to our talented employees whose skills and dedication lie at the heart of our success. Finally, I offer my thanks to our shareholders for their support which inspires us to build this business and continue on our mission to pursue scientific solutions that improve global health.

Thank you,

**Kiran Mazumdar Shaw**