

INDEPENDENT AUDITOR'S REPORT

To the Members of Biocon Pharma Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Biocon Pharma Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and 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 March 31, 2016, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aditya Vikram Bhauwala

Partner
Membership Number: 208382

Place: Bengaluru
Date: April 25, 2016

ANNEXURE 1 TO THE AUDITORS' REPORT

The Annexure 1 referred to in our report to the Members of Biocon Pharma Limited ('the Company') for the year ended March 31, 2016. We report that:

- (i) The Company does not have any fixed assets and accordingly, the requirements under paragraph 3(i) (a) and (b) of the Order are not applicable to the Company and hence not commented upon. (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company did not hold any inventory during the year and accordingly, the requirements under the paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Company is yet to start its commercial operations and has not dealt in any products / services during the year. Accordingly, the provision of clause 3(vi) of the Order pertaining to maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company and hence not commented upon.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to provident fund and employees' state insurance are not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, custom duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and banks. The Company does not have any borrowing by way of debenture or borrowing from government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loans was applied for the purposes for which loan was obtained, though funds amounting to Rs 1,319.43 million as at March 31, 2016, which were not required for immediate utilisation have been invested in fixed deposit and current account with bank. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments.)
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, no managerial remuneration has been paid or is payable by the Company. Accordingly, reporting under clause 3(xi) is not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aditya Vikram Bhauwala

Partner
Membership Number: 208382

Place: Bengaluru
Date: April 25, 2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BIOCON PHARMA LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Biocon Pharma Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 25, 2016 expressed an unqualified opinion.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W

per Aditya Vikram Bhauwala

Partner

Membership Number: 208382

Place: Bengaluru

Date: April 25, 2016

BALANCE SHEET AS AT MARCH 31, 2016

(All amounts are in Indian Rupees Million)

	Notes	As at March 31, 2016	As at March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	50.50	0.50
Reserves and surplus	4	(8.59)	(0.10)
		41.91	0.40
Non-current liabilities			
Long-term borrowings	5	1,454.40	-
		1,454.40	-
Current liabilities			
Short-term borrowings	6	36.06	-
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	7	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		6.87	0.10
Other current liabilities	8	29.13	-
		72.06	0.10
TOTAL		1,568.37	0.50
Assets			
Non-current assets			
Fixed assets			
Capital work-in-progress		149.74	-
Non-current investments	9	26.60	-
Loans and advances	10	72.25	-
		248.59	-
Current assets			
Cash and bank balances	11	1,319.43	0.50
Loans and advances	10	0.35	-
		1,319.78	0.50
TOTAL		1,568.37	0.50
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants
per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 25, 2016

For and on behalf of the Board of Directors of Biocon Pharma Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229
Siddharth Mittal
Authorised Signatory

Bengaluru
April 25, 2016

Arun Chandavarkar
Director
DIN: 01596180

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are in Indian Rupees Million, except share data and per share data, unless otherwise stated)

	Notes	Year Ended March 31, 2016	From October 31, 2014 to March 31, 2015
Income			
Other income	12	0.25	-
Total (I)		0.25	-
Expenses			
Other expenses	13	4.91	0.10
Finance costs	14	3.83	-
Total (II)		8.74	0.10
(Loss) before tax		(8.49)	(0.10)
Tax expense		-	-
(Loss) for the year/period		(8.49)	(0.10)
(Loss) per share [nominal value of share Rs. 10 (March 31, 2015: Rs. 10)]			
Basic and Diluted (in Rs.)		(109.69)	(2.00)
Weighted average number of shares used in computing (loss) per share			
Basic and Diluted		77,397	50,000
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants
per **Aditya Vikram Bhauwala**
Partner
Membership no.: 208382

Bengaluru
April 25, 2016

For and on behalf of the Board of Directors of Biocon Pharma Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229
Siddharth Mittal
Authorised Signatory

Bengaluru
April 25, 2016

Arun Chandavarkar
Director
DIN: 01596180

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CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

(All amounts in Indian Rupees Million)

	Note	Year Ended March 31, 2016	From October 31, 2014 to March 31, 2015
I Cash flows from operating activities:			
(Loss) before tax		(8.49)	(0.10)
Adjustment to reconcile (loss) before tax to net cash flows			
Interest expense		3.83	-
Operating profit/ (loss) before working capital changes		(4.66)	(0.10)
Movements in working capital			
Decrease/ (increase) in loans and advances		(10.84)	-
Increase/ (decrease) in liabilities and provisions		7.53	0.10
Net cash flow from/ (used in) operating activities		(7.97)	-
II Cash flows from investing activities:			
Purchase of tangible fixed assets, Capital work-in-progress and capital advances		(186.52)	-
Investment in subsidiary		(26.60)	-
Investment in Bank Deposits		(920.00)	-
Net cash flow from/ (used in) investing activities		(1,133.12)	-
III Cash flows from financing activities:			
Proceeds from issuance of share capital		50.00	0.50
Proceeds from long-term borrowing [also refer note 15(c)]		1,504.40	-
Repayment of long-term borrowing [also refer note 15(c)]		(50.00)	-
Proceeds from short-term borrowings		36.06	-
Interest paid		(0.44)	-
Net cash flow from/ (used in) financing activities		1,540.02	0.50
IV Net increase/ (decrease) in cash and cash equivalents (I + II + III)		398.93	0.50
V Cash and cash equivalents at the beginning of the year		0.50	-
VI Cash and cash equivalents at the end of the year (IV + V)		399.43	0.50
Components of cash and cash equivalents			
Balances with banks - on current accounts		99.43	0.50
Deposits with original maturity of less than 3 months		300.00	-
Total cash and cash equivalents (note 11)		399.43	0.50
Summary of significant accounting policies	2.1		

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI Firm registration no.: 101049W

Chartered Accountants

per Aditya Vikram Bhauwala

Partner

Membership no.: 208382

Bengaluru

April 25, 2016

For and on behalf of the Board of Directors of Biocon Pharma Limited

Kiran Mazumdar-Shaw

Director

DIN: 00347229

Siddharth Mittal

Authorised Signatory

Bengaluru

April 25, 2016

Arun Chandavarkar

Director

DIN: 01596180

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(All amounts are in Indian Rupees Million, except share and per share data, unless otherwise stated)

1. Corporate information

Biocon Pharma Limited ("the Company"), wholly owned subsidiary of Biocon Limited, was incorporated on October 31, 2014 under the Companies Act, 2013 as a public limited company. The Company would be engaged in the development and manufacture of pharmaceutical formulations for sale in developed markets, especially opportunities in US / EU. The Company is in process of setting up its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bengaluru. As at March 31, 2016, the Company had not commenced commercial operations.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards (AS), notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2016 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated and effective March 30, 2016. The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Hence, the Company has not applied the Companies (Accounting Standards) Rules, 2016 in preparation of financial statements for the year ended March 31, 2016.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous period.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including routine repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset for the period.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognised.

c. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from short-term foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

d. Investments

Investments which are readily realisable and intended to be held for not more than twelve months from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

e. Foreign currency translation

Foreign currency transactions and balances

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 retranslated using the exchange rate prevailing at the reporting date. 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. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates at the date when such values were determined.

Exchange Differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- (i) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- (ii) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- (iii) All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (i) and (ii) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.

f. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. 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.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of 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 realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting 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.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on "Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961", the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

g. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

h. 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.

i. Provisions

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

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

j. Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

k. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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	March 31, 2016	March 31, 2015
3. Share capital		
Authorised		
20,000,000 (March 31, 2015 - 50,000) equity shares of Rs. 10 each	200.00	0.50
Issued, subscribed and fully paid-up		
5,050,000 (March 31, 2015 - 50,000) equity shares of Rs. 10 each	50.50	0.50
Total issued, subscribed and fully paid-up share capital	50.50	0.50

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	March 31, 2016		March 31, 2015	
	No.	Rs. million	No.	Rs. million
At the beginning of the year/ Period	50,000	0.50	-	-
Issued during the year/ Period	5,000,000	50.00	50,000	0.50
Outstanding at the end of the year/ Period	5,050,000	50.50	50,000	0.50

b. Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

c. Equity shares held by holding company and details of shareholders holding more than 5% shares held in the Company

	March 31, 2016		March 31, 2015	
	No.	% holding	No.	% holding
Biocon Limited, the holding company (including shares held through nominees)				
Equity shares of Rs. 10 each fully paid up	5,050,000	100%	50,000	100%

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

	March 31, 2016	March 31, 2015
4. Reserves and surplus		
(Deficit) in the statement of profit and loss		
Balance as per the last financial statements	(0.10)	-
(Loss) for the year/ period	(8.49)	(0.10)
Net (deficit) in the statement of profit and loss	(8.59)	(0.10)
Total reserves and surplus	(8.59)	(0.10)

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	March 31, 2016	March 31, 2015
5. Long-term borrowings		
Loans from banks (secured)		
External commercial borrowing [refer note (a) below]	1,325.70	-
Loans from related parties		
Loan from holding company (unsecured) [refer note (b) below]	128.70	-
	1,454.40	-

a. On February 24, 2016, the Company has obtained an external commercial borrowing of USD 20 million from a bank, carrying interest in the range of Libor + 1.75% per annum. The loan is repayable in 11 unequal quarterly installments commencing from June 28, 2019. The loan is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. Further the loan has been guaranteed by Biocon Limited, the holding company. Also refer note 20 in relation to interest rate swap converting the floating rate to fixed rate of interest.

b. On September 28, 2015, the Company has obtained an unsecured loan facility upto Rs. 1,300 from Biocon Limited, carrying an interest rate @ 8%-9% per annum to set up its manufacturing facility. The loans are repayable on March 31, 2025.

The maximum amount outstanding during the year to Biocon Limited was Rs. 178.70 (March 31, 2015 - Rs. Nil).

	March 31, 2016	March 31, 2015
6. Short-term borrowings		
Bank overdraft (unsecured) [refer note (a) below]	36.06	-
	36.06	-

a. The Company has working loan facilities with a bank carrying interest rate @ 9.25% per annum. This has been guaranteed by Biocon Limited, the holding company.

	March 31, 2016	March 31, 2015
7. Trade payables [also refer note 15 and note 21]	6.87	0.10
8. Other current liabilities		
Payable for capital goods and services [refer note 15]	24.98	-
Others:		
Interest accrued but not due	3.39	-
Statutory dues [refer (a) below]	0.76	-
	29.13	-

a. Statutory dues pertains to withholding taxes payable.

9. Non-current investments

Trade investments (valued at cost unless stated otherwise)

Unquoted equity instruments, in subsidiary company

400,000 (March 31, 2015 - Nil) equity shares of USD 1 each fully paid-up in Biocon Pharma Inc [refer note (a) below]

	March 31, 2016	March 31, 2015
	26.60	-
	26.60	-

a. During the year ended March 31, 2016 Biocon Pharma Inc was incorporated as a wholly owned subsidiary in United States of America to engage in commercialization of generic formulations.

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
10. Loans and advances (unsecured, considered good)				
Capital advances	61.76	-	-	-
Advances recoverable in cash or kind	-	-	0.10	-
Other receivables	-	-	0.25	-
Balances with statutory/ government authorities	10.49	-	-	-
	72.25	-	0.35	-
11. Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
On current accounts			99.43	0.50
Deposits with original maturity of less than 3 months			300.00	-
			399.43	0.50
Other bank balances				
Deposits with maturity of less than 12 months			920.00	-
			1,319.43	0.50

	March 31, 2016	March 31, 2015
12. Other income		
Interest income on bank deposit	0.25	-
	0.25	-
13. Other expenses		
Rates and taxes	2.21	-
Legal and professional fees	2.13	-
Payments to auditors [refer note (a) below]	0.19	0.10
Miscellaneous expenses	0.38	-
	4.91	0.10
a. Payments to auditors		
As auditor:		
Audit fee	0.15	0.10
Certification fees	0.04	-
	0.19	0.10
14. Finance costs		
Interest expense [refer note 15]	3.83	-
	3.83	-

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15. Related party disclosures:

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

Sl No	Name of related party	Relationship	Description	April 1, 2015 to March 31, 2016 Expenses/ (Income)/ Other transaction	March 31, 2016 Payables/ (Receivables)	October 31, 2014 to March 31, 2015 Expenses/ (Income)	March 31, 2015 Payables/ (Receivables)
1	Biocon Limited	Holding Company	Transfer of Capital Work in Progress	16.38	-	-	-
			Cross charges towards other expenses	4.87			
			Payable for of capital goods	-	16.38	-	-
			Trade payable	-	4.87	-	-
			Long-term borrowings [refer note (c) below]	-	128.70	-	-
			Interest on long-term borrowings [refer note (c) below]	3.58	3.39	-	-
			Guarantee given by related party to a bank on behalf of the Company	-	1,361.76	-	-
2	Biocon Pharma Inc	Subsidiary	Investment in equity shares	26.60	-	-	-

(a) The Company has entered into service agreement with Biocon SEZ Developer and Biocon SEZ operating units of Biocon Limited for availing Land on lease and certain other facilities and services.

(b) Fellow subsidiary companies with whom the Company did not have any transactions:

(i) Biocon Academy, a subsidiary of Biocon Limited

(ii) Biocon Research Limited, a subsidiary of Biocon Limited

(iii) NeoBiocon FZ LLC, a subsidiary of Biocon Limited

(iv) Biocon SA, a subsidiary of Biocon Limited

(v) Biocon SDN BHD, a step down subsidiary of Biocon Limited

(vi) Syngene International Limited, a subsidiary of Biocon Limited

(vii) Biocon Biologics Limited, a subsidiary of Biocon Limited

(viii) Biocon FZ LLC, a subsidiary of Biocon Limited

(c) The Company has obtained an unsecured loan facility amounting to Rs. 1,300.00 from Biocon at the interest rate prevailing for Government securities, to set up its manufacturing facilities. During the year ended March 31, 2016, the Company took loans of Rs. 178.70 (March 31, 2015: Rs.Nil). During the year ended March 31, 2016, the Company repaid loans of Rs. 50.00 (March 31, 2015: Rs. Nil) to Biocon.

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	March 31, 2016	March 31, 2015
16. Other disclosure		
(i) Expenditure in foreign currency (accrual basis)		
Professional fees	2.01	-
	2.01	-
17. Capital and other commitments		
(i) Capital commitments		
The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2016, net of advances, is Rs. 749.50 (March 31, 2015:- Rs. Nil)		
(ii) Operating lease commitments		
The Company has entered into lease agreements which expire on November 30, 2026. Gross rental expenses for the year ended March 31, 2016 aggregated to Rs. Nil (March 31, 2015 - Rs. Nil). The committed lease rental in future is as follows:		
Not later than one year	1.00	-
Later than one year and not later than five years	12.81	13.81
18. Contingent liabilities		
The Company has no contingent liability as at March 31, 2016 and 2015.		
19. Unhedged foreign currency exposures		
Balance in special foreign currency account	99.43	-
Long-term borrowings	1,325.70	-

20. Derivative instruments

During the period ended March 31, 2016, Biocon Pharma Limited has entered into floating to fixed interest rate swap to hedge interest rate exposure on USD 20 million term loan facility.

The aggregate amount of loans covered under the said interest rate swap as at March 31, 2016 is Rs. 1,325.70 (USD 20 million) [March 31, 2015 Rs. Nil (USD Nil)]. The periodic net payments related to interest rate swap to the extent of underlined borrowings is recorded as interest expense.

21. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006.

The disclosure with regard to the Micro, Small and Medium Enterprises Act, 2006 is based on information available with the management which has been relied upon by the auditors. As at March 31, 2016, there are no parties registered under the said Act.

22. Previous period's figures have been regrouped/ reclassified, where necessary to conform to current year's classification. The comparatives are for the period from October 31, 2014 (being date of incorporation) to March 31, 2015. Hence the same are not strictly comparable with figures of the current year.

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants
per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

For and on behalf of the Board of Directors of Biocon Pharma Limited

Kiran Mazumdar-Shaw
Director
DIN: 00347229
Siddharth Mittal
Authorised Signatory

Arun Chandavarkar
Director
DIN: 01596180

Bengaluru
April 25, 2016

Bengaluru
April 25, 2016