

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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period from October 31, 2014 to March 31, 2015, 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 judgements 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 judgement, 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 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 the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

ICAI Firm Registration Number: 101049W

Chartered Accountants

per **Aditya Vikram Bhauwala**

Partner

Membership Number: 208382

Place: Bengaluru

Date: April 28, 2015

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Biocon Pharma Limited ('the Company') for the period ended March 31, 2015. 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.
- (ii) The Company did not hold any inventory during the period and accordingly, the requirements under paragraph 3(ii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) The Company is yet to start its operations and did not involve in purchase of inventory and fixed assets and sale of goods and services during the period. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company 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 period. Accordingly, the provisions 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 regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
(c) Clause 3 (vii) (c) of the Order pertaining to transfer of amounts to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder, is not applicable to the Company and hence not commented upon.
- (viii) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) The Company does not have any borrowing from financial institutions, banks or by way of debenture. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company and hence not commented upon.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the period.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

For **S.R. Batliboi & Associates LLP**

ICAI Firm Registration Number: 101049W

Chartered Accountants

per **Aditya Vikram Bhauwala**

Partner

Membership Number: 208382

Place: Bengaluru

Date: April 28, 2015

Balance Sheet as at March 31, 2015

(All amounts are in Indian Rupees)

	Notes	March 31, 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	500,000
Reserves and surplus	4	(100,000)
		400,000
Non-current liabilities		
		-
Current liabilities		
Trade payables	5	100,000
		100,000
TOTAL		500,000
ASSETS		
Non-current assets		
		-
Current assets		
Cash and bank balances	6	500,000
		500,000
TOTAL		500,000
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 28, 2015

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

Kiran Mazumdar-Shaw

Director

Siddharth Mittal

Authorised Signatory

Bengaluru

April 28, 2015

Arun Chandavarkar

Director

Statement of Profit and Loss for the year ended March 31, 2015

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

	Notes	From October 31, 2014 to March 31, 2015
Income		-
Expenses		
Other expenses	7	100,000
Total expenses		100,000
Loss before tax		(100,000)
Tax expenses		-
Loss for the period		(100,000)
Loss per share [equity shares, par value of ₹ 10] Basic and Diluted (in ₹)		(2)
Weighted average number of shares used in computing loss per share Basic and Diluted		50,000
Summary of significant accounting policies	2.1	

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For **S.R. Batliboi & Associates LLP**

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per **Aditya Vikram Bhauwala**

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Arun Chandavarkar

Director

Cash Flow Statement for the year ended March 31, 2015

(All amounts are in Indian Rupees)

	From October 31, 2014 to March 31, 2015
I CASH FLOWS FROM OPERATING ACTIVITIES:	
Loss for the period	(100,000)
Movements in working capital	
Increase in trade payables	100,000
Net cash flow from operating activities	<u>-</u>
II CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
III CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issuance of share capital	500,000
Net cash flow from financing activities	<u>500,000</u>
IV NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	500,000
Cash and cash equivalents at the beginning of the period	-
V CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>500,000</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	
Balances with banks:	
On current accounts	500,000
Total cash and cash equivalents [refer note 6]	<u>500,000</u>

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**

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per **Aditya Vikram Bhauwala**

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Bengaluru

April 28, 2015

Arun Chandavarkar

Director

Notes to the Financial Statements for the year ended March 31, 2015

(All amounts in Indian Rupees Million, except share data 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, 2015, 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.

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. 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.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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.

c. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. 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 period 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

d. 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.

e. 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.

f. 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.

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Notes to the Financial Statements for the year ended March 31, 2015

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

	March 31, 2015
3. Share capital	
Authorised	
50,000 equity shares of ₹ 10 each	500,000
Issued, subscribed and fully paid-up	
50,000 equity shares of ₹ 10 each	500,000

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

Equity shares	March 31, 2015	
	No.	Rs
Issued during the period	50,000	500,000
Outstanding at the end of the period	50,000	500,000

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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) Details of shares held by holding company and details of shareholders holding more than 5% shares in the Company

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

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

	March 31, 2015
4. Reserves and surplus	
Deficit in the statement of profit and loss	
Loss for the period	(100,000)
Net deficit in the statement of profit and loss	(100,000)
Total reserves and surplus	(100,000)
5. Trade payables	
Trade payables [refer note 8]	100,000
	100,000
6. Cash and bank balances	
Cash and cash equivalents	
Balances with banks:	
On current accounts	500,000
	500,000

	From October 31, 2014 to March 31, 2015
7. Other expenses	
Payment to auditors - Statutory audit fees	100,000
	100,000

Notes to the Financial Statements for the year ended March 31, 2015

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

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

The disclosure under clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 is based on information available with the management which has been relied upon by the auditors. As at March 31, 2015, there are no parties registered under the said Act.

9. Related party disclosures:

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

Sl. No.	Name of related party	Relationship	Description	October 31, 2014 to March 31, 2015	March 31, 2015 Payables / (Receivables)
1)	Biocon Limited	Holding Company	Issue of equity shares	500,000	-
(a)	Fellow subsidiary companies with whom the Company did not have any transactions			(i) Biocon Research Limited, a subsidiary of Biocon Limited (ii) Syngene International Limited, a subsidiary of Biocon Limited (iii) Biocon Academy, a subsidiary of Biocon Limited (iv) Neobiocon FZ LLC, a subsidiary of Biocon Limited (v) Biocon SA, a subsidiary of Biocon Limited (vi) Biocon Sdn Bhd, a subsidiary of Biocon Limited	

10. Capital and other commitments:

The Company has no capital and other commitments as at March 31, 2015

11. Contingent liabilities

The Company has no contingent liability as at March 31, 2015

12. Since this is the first financial statements of the Company after its incorporation, there are no comparative information.

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 28, 2015

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

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