

# Independent Auditor's Report

To the Members of Biocon Academy

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of BIOCON ACADEMY ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss 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 standalone financial statements that give a true and fair view of the financial position and financial performance 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 standalone 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 standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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, 2018 for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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, is not applicable to the company
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 and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rule issued thereunder
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 1" 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 did not have any pending litigation.
    - 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 are required to be transferred, to the Investor Education and Protection Fund by the Company

for **S.Krishnaswamy & Co.,**  
Chartered Accountants  
ICAI Firm registration number: 001556S

**Ravindra T**  
Partner  
Membership No.: 206864

Place: Bengaluru  
Date: April 26, 2018

# Annexure 1 to the Independent Auditor's Report of even date on the Financial Statements of Biocon Academy

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

To the Members of Biocon Academy

We have audited the internal financial controls over financial reporting of BIOCON ACADEMY ("the Company") as of March 31, 2018 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.

## 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 Companies Act, 2013, 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, 2018, 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, 2018, and the related Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 21, 2018 expressed an unqualified opinion.

for **S.Krishnaswamy & Co.,**  
Chartered Accountants  
ICAI Firm registration number: 0015565

**Ravindra T**  
Partner  
Membership No.: 206864

Place: Bengaluru  
Date: April 26, 2018

## Balance Sheet as at March 31, 2018

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

	Note	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	-	19
Capital work in progress		-	621
Other non-current assets	4 (a)	14,787	7,778
<b>Total non current assets</b>		<b>14,787</b>	<b>8,418</b>
<b>Current assets</b>			
Financial assets			
a. Cash and cash equivalents	5	20,624	6,939
Other current assets	4 (b)	2,816	327
<b>Total current assets</b>		<b>23,440</b>	<b>7,266</b>
<b>Total</b>		<b>38,227</b>	<b>15,684</b>
<b>Shareholders' funds</b>			
Equity share capital	6	500	500
<b>Total equity</b>		<b>500</b>	<b>500</b>
<b>Current liabilities</b>			
Financial liabilities			
a. Trade payables	7	29,683	12,631
Other liabilities	8	8,044	2,553
<b>Total current liabilities</b>		<b>37,727</b>	<b>15,184</b>
<b>Total</b>		<b>38,227</b>	<b>15,684</b>

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

As per our report of even date attached

for **S. Krishnaswamy & Co.**  
Chartered Accountants  
Firm Registration Number: 001556S

**Ravindra T**  
Partner  
Membership No.: 206864  
Bengaluru  
April 26, 2018

for and on behalf of the Board of Directors of Biocon Academy

**Kiran Mazumdar-Shaw**  
Director  
DIN: 00347229  
Bengaluru  
April 26, 2018

**John M M Shaw**  
Director  
DIN: 00347250

## Statement of Profit and Loss for the year ended March 31, 2018

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

	Note	Year ended March 31, 2018	Year ended March 31, 2017
<b>INCOME</b>			
Tuition fees		12,912	16,918
Other income		103	-
<b>Total</b>		<b>13,015</b>	<b>16,918</b>
<b>Expenses</b>			
Salaries wages and bonus		7,691	6,621
Depreciation expense	9	19	76
Other expenses	10	5,304	10,221
		<b>13,014</b>	<b>16,918</b>
Surplus/deficit for the year		-	-
Earnings per share [nominal value of share Rs 10]		-	-
Basic and Diluted (in Rs)			
Weighted average no. of shares used in computing Earnings per share			
Basic and Diluted		50,000	50,000
Summary of significant accounting policies	1		

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

As per our report of even date attached

for **S. Krishnaswamy & Co.**  
Chartered Accountants  
Firm Registration Number: 001556S

**Ravindra T**  
Partner  
Membership No.: 206864  
Bengaluru  
April 26, 2018

for and on behalf of the Board of Directors of Biocon Academy

**Kiran Mazumdar-Shaw**  
Director  
DIN: 00347229  
Bengaluru  
April 26, 2018

**John M M Shaw**  
Director  
DIN: 00347250

## Statement of Changes in Equity for the year ended March 31, 2018

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

Equity share capital	March 31, 2018	March 31, 2017
Opening balance	500	500
Changes in equity share capital	-	-
<b>Closing balance</b>	<b>500</b>	<b>500</b>

As per our report of even date attached

for **S. Krishnaswamy & Co.**

Chartered Accountants

Firm Registration Number: 001556S

**Ravindra T**

Partner

Membership No.: 206864

Bengaluru

April 26, 2018

for and on behalf of the Board of Directors of Biocon Academy

**Kiran Mazumdar-Shaw**

Director

DIN: 00347229

Bengaluru

April 26, 2018

**John M M Shaw**

Director

DIN: 00347250

# Notes to the standalone financial statements for the year ended March 31, 2018

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

## 1. Company Overview

### 1.1 Reporting entity

Biocon Academy ("the Company") was incorporated in India on December 3, 2013 as a Private Limited company under Section 25 of the Companies Act, 1956. The Company is a wholly-owned subsidiary of Biocon Limited. The main objects of the company is to provide educational courses, training and research in biosciences, life sciences and all fields of study.

### 1.2 Basis of preparation of financial statements

#### a. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These standalone financial statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2018. These standalone financial statements were authorised for issuance by the Company's Board of Directors on April 26, 2018.

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

#### b. Functional and presentation currency

These standalone financial statements are presented in Indian rupees (INR), which is also the functional currency of the Company. All amounts have been rounded-off to the nearest thousand, unless otherwise indicated.

#### c. Basis of measurement

These standalone financial statements have been prepared on the historical cost basis.

#### d. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

## 2 Significant accounting policies

### a. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### b. Property, plant and equipment

#### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### ii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management estimate of useful life	Useful life as per Schedule II
Computers and servers	3 years	3-6 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

**c. Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**d. Revenue**

Revenues consist of Fee from students and is recognized on accrual basis.

**e. Foreign currency translation**

**i. 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.

**ii. 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.

**iii. Exchange differences**

Exchange differences arising on the settlement of the monetary items or on reporting such monetary items of company at rates different from those at which they are initially recorded during the year, or reported in previous financial statements, are recognized as income or expenses in the year in which they arise.

**f. Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive.

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### 3. Property, plant and equipment

	Plant and equipment	Total
<b>Gross carrying amount</b>		
At April 01, 2016	229	229
Additions/(Disposals)	-	-
<b>At March 31, 2017</b>	<b>229</b>	<b>229</b>
Additions/(Disposals)	-	-
<b>At March 31, 2018</b>	<b>229</b>	<b>229</b>
<b>Accumulated depreciation</b>		
At April 01, 2016	114	114
Charge for the year	76	76
<b>At March 31, 2017</b>	<b>210</b>	<b>210</b>
Charge for the year	19	19
<b>At March 31, 2018</b>	<b>229</b>	<b>229</b>
<b>Net carrying amount</b>		
<b>At March 31, 2017</b>	<b>19</b>	<b>19</b>
<b>At March 31, 2018</b>	<b>-</b>	<b>-</b>

	March 31, 2018	March 31, 2017
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### 4. Other assets

#### (a) Non current

Balances with statutory/government authorities	14,787	7,778
	<b>14,787</b>	<b>7,778</b>

#### (b) Current

Prepayments	2,816	327
	<b>2,816</b>	<b>327</b>

### 5. Cash and bank balances

#### Balances with Banks

On current account	2,624	6,939
Deposits with original maturity of less than 3 months	18,000	-
	<b>20,624</b>	<b>6,939</b>

### 6. Share capital

#### Authorised

50,000 equity shares (March 31, 2017-50,000) of Rs 10 each	500	500
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#### Issued, subscribed and fully paid-up

50,000 equity shares (March 31, 2017-50,000) of Rs 10 each	500	500
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>500</b>	<b>500</b>

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

##### Equity shares

	March 31, 2018		March 31, 2017	
	Number	Amount	Number	Amount
At the beginning of the year	50,000	500	50,000	500
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>50,000</b>	<b>500</b>	<b>50,000</b>	<b>500</b>



**(b) Terms and rights attached to equity shares**

The Company has only one class of equity share having a par value of Rs 10 per share. Each holder of equity share is entitled to one vote each. As per Clause X of Memorandum of Association (MOA) of the Company, in the event of liquidation of the Company, the holders of equity share will not be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The remaining shall be given or transferred to such other company having similar objects, to be determined by the member of the company at or before the time of dissolution or in default thereof by the High Court of Judicature that has or may acquire jurisdiction in the manner.

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

	March 31, 2018		March 31, 2017	
	Number	% holding	Number	% holding
Biocon Limited, including shares held through nominees	50,000	100%	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, 2018	March 31, 2017
<b>7. Trade payables</b>		
Trade payables	29,683	12,631
	<b>29,683</b>	<b>12,631</b>

There are no payables under Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006

**8. Other liabilities****(a) Current**

Statutory taxes and dues payable	4,260	122
Advance fee received from students	3,784	2,431
	<b>8,044</b>	<b>2,553</b>

**9. Depreciation expense**

Depreciation on property, plant and equipment	19	76
	<b>19</b>	<b>76</b>

**10. Other expenses**

Training expenses, net	666	2,021
Payments to auditors	40	40
Advertisement expenses	527	956
Travelling and conveyance	517	420
Communication expenses	501	911
Professional charges	2,088	2,012
Printing and stationery	157	336
Loss on foreign exchange transactions, net	-	70
Miscellaneous expenses	808	3,455
	<b>5,304</b>	<b>10,221</b>

**11. Related party transactions**

Name of the related party	Relationship	Nature of Transaction	2017-18	2016-17
Biocon Limited	Holding company	Donations received	39,560	30,700
		Training expenses	41,404	26,407

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## 12. Contingent liabilities and commitments

### (i) Capital commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2018, net of advances, is Rs Nil (March 31, 2017 - Rs Nil).

### (ii) Contingent liabilities:

The Company has no contingent liability as at March 31, 2018 and March 31, 2017.

As per our report of even date attached

for **S. Krishnaswamy & Co.**

*Chartered Accountants*

Firm Registration Number: 001556S

**Ravindra T**

*Partner*

Membership No.: 206864

Bengaluru

April 26, 2018

for and on behalf of the Board of Directors of Biocon Academy

**Kiran Mazumdar-Shaw**

*Director*

DIN: 00347229

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April 26, 2018

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