RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS
31 MARCH 2019

DIRECTORS, ADVISORS AND REGISTERED OFFICE

Corporate information

Chairman of the Board	Olaogun Badru Atanda
Directors	Mahendra Bharadwaj (Indian- Vice chairman) Hanwant Singh Arora (Indian) Samson Yomi Osewa Harin Mehta (Indian) Mihaly Kaszas (Hungary)
Registered office	1st Floor, Abimbola House No 24 Abimbola Street, Ilasamaja, Isolo, Lagos.
Company Secretary	Mr. Kufre Udoh 24 Abimbola Street Isolo Lagos
Auditors	BDO Professional Services (Chartered Accountants) ADOL House 15, CIPM Avenue Central Business District Alausa, Ikeja Lagos.
Bankers	Access Bank Plc Zenith Bank Plc Standard Chartered Bank Plc Wema Bank Plc CitiBank Nigeria Limited

Financial statements

The directors are pleased to present their annual report on the affairs of Ranbaxy Nigeria Limited together with the financial statements and the independent auditor's report for the year ended 31st March 2019

Legal form and principal activities

The Company was incorporated in Nigeria as a limited liability company on 12 May 1987 under the name Ranmax Laboratories Nigeria Limited. The name was changed to Ranbaxy Nigeria Limited at an extra ordinary general meeting held on 6 October 1995. The principal activities of the Company continue to be the manufacture, importation and sale of pharmaceutical products in Nigeria.

Operating results

The following is a summary of the Company's operating results for the year:

	2019	2018
	₦'000	₦'000
Revenue	5,099,483	4,967,597
Operating loss	(1,493,969)	(2,102,834)
Loss before tax	(1,517,577)	(2,079,701)
Loss after tax	(1,522,135)	(2,104,395)

Directors and their interests

The directors that served during the year together with their interests in the shares of the Company at the year end were as follows:

	2019	2018
	N'000	N'000
Olaogun Badru Atanda	684,104	684,104
Mahendra Bharadwaj (Indian)	-	-
Hanwant Singh Arora (India)	-	-
Samson Yomi Osewa	-	-
Harin Mehta (Indian)	-	-
Mihaly Kaszas (Hungary)	-	-

Analysis of shareholding

The names of significant shareholders and their allotted holding at the year end were as follows:

Shareholders	%	No of ordinary shares of N1 each	Amount (₦)
Sun Pharma (Netherlands) B.V.	53.48	21,393,486	21,393,486
Sun Pharmaceutical Industries Limited, India	32.68	13,070,648	13,070,648
Individual Shareholders	13.84	5,535,866	5,535,866
	100	40,000,000	40,000,000

Apart from SUN Pharmaceutical Industries Limited that jointly holds 86.16% of the issued share capital; no other shareholder held 5% or more of the issued share capital of the Company as at 31 March 2019

Employment and employees

Employment of physically challenged persons:
The company does not discriminate in considering applications for employment including those from disable persons. All employees, whether or not physically challenged, are given equal opportunities to develop their skill and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the company continues.. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

Health, safety and welfare at work:

Health and safety regulations are in force within the premises of the company. The company places a high premium on its human resources and there is existing provision for staff welfare in the areas of lunch, rent and transportation subsidy. The company has various forms of insurance policies to adequately secure and protect its employees.

Employee's consultation and training:
The company places considerable value on the involvement of its employees and continue the practice of keeping them fully informed as much as possible regarding the company's performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees, this has broadened opportunities for career development within the organisation.

Independent Auditors
Messrs BDO Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004.

BY ORDER OF THE BOARD

COMPANY SECRETARY
LAGOS, NIGERIA

The directors accept responsibility for the preparation of the annual financial statements set out on pages 3 to 41 that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act CAP C20, LFN, 2004 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act CAP C20, LFN, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material mis-statement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief B. A. Olaogun	**Mr. Hanwant Singh Arora**
Director's name	**Director's name**
Signature 9 May 2019	**Signature 9 May 2019**

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF RANBAXY NIGERIA LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMETNS
Opinion

We have audited the financial statements of Ranbaxy Nigeria Limited, which comprise, the statement of financial position as at 31 March 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements attached as an appendix to our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Material uncertainty related to going concern

Without qualifying our opinion, we draw attention to note 29 to the financial statements concerning accumulated losses and negative shareholders' equity.

Other information

Management is responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact, we have nothing to report in this regard.

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

* Conclude on the appropriateness of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, CAP C20, LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) in our opinion, proper books of account have been kept by the Company, and

iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Lagos, Nigeria
17 May 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 N'000	2018 N'000
Revenue	8	5,099,483	4,967,597
Cost of sales	9	(4,177,149)	(4,522,471)
Gross profit		922,334	445,126
Other operating income	10	96,498	108,999
Selling & distribution expenses	11	(428,032)	(438,159)
Administrative expenses	12	(2,084,769)	(2,218,800)
Loss from operating activities		(1,493,969)	(2,102,834)
Finance income	13(a)	90,549	143,940
Finance expenses	13(b)	(114,157)	(120,807)
Net finance income		(23,608)	23,133
Loss before taxation	14	(1,517,577)	(2,079,701)
Taxation	15(a)	(4,558)	(24,694)
Loss after tax for the year		(1,522,135)	(2,104,395)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement gain on defined benefit plan	27(a)	9,033	-
Income tax effect	27(a)	(2,710)	-
Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		6,323	-
Total comprehensive loss for the year		(1,515,812)	(2,104,395)

The accompanying notes on pages 7 to 39 and other national disclosures on pages 40 and 41 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2019

	Notes	2019	2018
		N'000	N'000
Non-current assets			
Property, plant and equipment	16	4,976,679	5,558,083
Intangible assets	17	-	-
Deferred tax asset	15(d)	(125,955)	128,665
Employee defined benefit asset	18(e)	88,189	90,963
Total non-current assets		4,938,913	5,777,711
Current assets			
Inventory	19	1,459,651	1,516,627
Trade and other receivables	20	1,067,441	1,065,721
Cash and cash equivalents	21	2,458,975	1,940,110
		4,986,067	4,522,458
Current liabilities			
Borrowings	22(i)	3,359,604	3,096,931
Trade and other payables	23	7,194,220	6,071,735
Provisions	24	25,590	23,877
Taxation	15(c)	10,921	6,363
		10,590,335	9,198,906
Net current liabilities		(5,604,268)	(4,676,448)
Total assets less current liabilities		(665,355)	1,101,263
Non-current liabilities			
Long term borrowings	22(ii)	-	-
Employment benefits obligation	18(c)	90,040	88,936
		90,040	88,936
Net (liabilities)/assets		(755,395)	1,012,327
Equity			
Share capital	25	40,000	40,000
Share premium	26	38,951	38,951
Revenue reserve	27	(582,436)	933,376
Total equity		(503,485)	1,012,327

The financial statements and notes on pages 3 to 41 were approved by the Board of directors on ……………… and signed on its behalf by:

The accompanying notes on pages 7 to 39 and other national disclosures on pages 40 and 41 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium	Retained earnings	Total equity
	N'000	N'000	N'000	N'000
Balance at 1 April 2018	40,000	38,951	933,376	1,012,327
Comprehensive Income for the year				
Loss for the year	-	-	(1,522,135)	(1,522,135)
Other comprehensive income				
Remeasurement loss on defined benefit plan	-	-	6,323	6,323
Total comprehensive loss for the year	-	-	(1,515,812)	(1,515,812)
Contributions by and distributions to owners				
Dividend paid	-	-	-	-
Balance at 31 March 2019	40,000	38,951	(582,436)	(503,485)
	N'000	N'000	N'000	N'000
Balance at 1 April 2017	40,000	38,951	3,037,771	3,116,722
Comprehensive Income for the year				
Loss for the year	-	-	(2,104,395)	(2,104,395)
Other comprehensive income:				
Remeasurement gain on defined benefit plan	-	-	-	-
Total comprehensive loss for the year	-	-	(2,104,395)	(2,104,395)
Contributions by and distributions to owners				
Dividend paid	-	-	-	-
Balance at 31 March 2018	40,000	38,951	933,376	1,012,327

The accompanying notes on pages 7 to 39 and other national disclosures on pages 40 and 41 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2019

	Notes	2019	2018
Cash flows from operating activities		**N'000**	**N'000**
Loss after taxation		(1,522,135)	(2,104,395)
Adjustments for:			
Depreciation of property, plant and equipment	16	661,366	651,713
Finance income	13	(90,549)	(143,940)
Employee costs under defined benefit plan	18(c)	12,911	9,616
Interest accrued on Ranbaxy loan	22(i)	114,157	443,891
Exchange difference on interest bearing loan	22(i)	148,516	(91,731)
Income tax expense	15(a)	4,558	24,694
		(671,176)	(1,210,152)
Decrease in inventory		56,976	482,854
Increase in trade and other receivables		(1,720)	(425,057)
Increase/(decrease) in trade and other payables		1,122,485	(48,580)
Increase/(decrease) in provisions		1,713	(9,434)
Cash generated/(absorbed) by operations		508,278	(1,210,369)
Tax paid	15(a)	-	(35,762)
Net cash inflow/(outflow) from operating activities		508,278	(1,246,131)
Cash flows from investing activities			
Additions to property, plant and equipment	16	(79,962)	(64,393)
Finance income	13	90,549	143,940
Net cash outflow from investing activities		10,587	79,547
Net increase/(decrease) in cash and cash equivalents		**518,865**	**(1,166,584)**
Cash and cash equivalents at the beginning of the year		1,940,110	3,106,694
Cash and cash equivalents at the end of the year	21	2,458,975	1,940,110

The accompanying notes on pages 7 to 39 and other national disclosures on pages 40 and 41 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

1 Corporate information and principal activities

The Company was incorporated in Nigeria as a limited liability Company on 12 May 1987 under the name Ranmax Laboratories Nigeria Limited. The name was changed to Ranbaxy Nigeria Limited at an extra-ordinary general meeting held on 6 October 1995. The principal activities of the Company continue to be the manufacturing, importation and sale of pharmaceutical products in Nigeria. The Company is a subsidiary of Ranbaxy Laboratories Limited - India up until March 2015, when Ranbaxy Laboratories Limited (RLL) merged with the SUN Pharmaceutical Industries Limited, India . Ranbaxy Netherland BV (RNBV) a subsidiary of Ranbaxy Laboratories Limited (RLL) India holds 52.63% of the ordinary share capital of the Company while Ranbaxy Laboratories Limited holds 32.68% equity interest in the Company. Consequently, Sun Pharmaceutical Industries Limited now holds 32.68% equity interest in Ranbaxy Nigeria Limited while the Sun Pharmaceutical Industries Limited group jointly holds 85.31% of the issued share capital of Ranbaxy Nigeria Limited. With effect from 28 July 2017, the name Ranbaxy Netherland BV was changed to Sun Pharma (Netherlands) B. V.

Its registered office is at 2nd floor 52A Campbell Street Lagos and its operational office is located at 24, Abimbola Street, Isolo Lagos.

2 Basis of preparation

a Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004 and the requirements of the Financal Reporting Council of Nigeria Act, No 6, 2011.

The financial statements were authorised for issue by the Board of Directors ………………

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value as mentioned in the accounting policies below.

c. Functional and presentation currency

The Company functional and presentation currency is the Nigerian naira. The financial statements are presented in Nigerian Naira and have been rounded to the nearest thousand except otherwise stated.

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are:

- IFRS 16 Leases (mandatorily effective for periods beginning on or after 1 January 2019).
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019).
- Prepayment features with Negative Compensation-Amendments to IFRS
- Plan Amendment, Curtailment or Settlement-Amendments to IAS 19

Title	Key requirements	Effective Date
IFRS 16 Leases	IFRS 16 will affect primarily the accounting by lesses and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additional, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will be not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.
Interpretation 23 Uncertainty over Income Tax Treatments	The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgments and estimates made must be reassessed whenever circumstance have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements.	1 January 2019

Prepayment Features with Negative Compensation- Amendments to IFRS 9	The narrow-scope amendments made to IFRS 9 Financial instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.	1 January 2019
Plan Amendment, Curtailment or Settlement – Amendments to IAS 19	The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: • calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change • any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In order words, a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling. • separately recognize any changes in the asset ceiling through other comprehensive income.	1 January 2019

4) **Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstatnces. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

a **Income and deferred taxation**

Ranbaxy Nigeria Limited annually incurs significant amounts of corporate tax liabilities, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

b **Impairment of property, plant and equipment**

The Company assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

c **Impairment of financial assets**

The Company's financial assets that is subject to expected credit loss model is trade receivables for the sales of inventory and cash and cash equivalents. The expected loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

d **Legal proceedings**

The Company reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued),the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

e **Gratuity**

The cost of defined benefit pension and other post employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is determined on the company's statement of financial position date by reference to market yields on high quality government bonds. The discount rate should reflect the duration of the liabilities of the benefit programme.

5) **Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a **Going concern**

The directors assess the Company's future performance and financial position on a going concern basis and have no reason to believe that the Company will not be a going concern in the year ahead. For this reason, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

b **Foreign currency**

Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

At the end of each reporting period , monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

c **Revenue recognition**

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Company's activities and is stated net of value-added tax (VAT), rebates and discounts.

The Company manufactures, imports and sells pharmaceutical products in the wholesale market. Sales are recognised based on invoices raised on or before the 24th day of each month for up-country customers(ie customers outsided Lagos) and on or before the 28th day of each month for local customers(ie customers within Lagos). All invoices raised after these dates are recognised in the subsequent month following the month the sales was made.Thus, sales is recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. The product is often sold with retrospective allowance for sales returns based on 0.5% of the aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the invoice, net of estimated volume discounts(if any). Accumulated experience is used to estimate and provide for the sales returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Company's obligation to provide a refund for returned products under the standard terms is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

d **Finance income/finance expense**

Finance income comprises interest income on short-term deposits with banks and changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets. Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition. Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

Finance costs constitute mainly interest expenses.

e **Expenditures**

Expenditures are recognised as they accrue during the course of the year. Analysis of expenses recognised in the income statement is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than their nature.

The company classifies its expenses as follows:
- Cost of sales;
- Administration expenses; and
- Selling and distribution expenses;

f **Borrowing costs**

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as interest payable in the income statement in the period in which they are incurred.

g **Property, plant and equipment**

Items of property, plant and equipment are measured at cost and less accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhaul.

Leasehold improvements	Over the period of the lease
Plant and Machinery	10-15years
Furniture and Fixtures	5-7years
Generators	4-6 years
Motor Vehicles	4-6 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work in progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement within 'other income' in the year that the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

h **Intangible Assets**

Computer software

Computer software purchased from third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The estimated useful lives for the current and comparative period are as follows:

Computer software	5 years

Derecognition of intangible assets

An intangible assets is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible assets, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement within 'other income' in the year that the intagible asset is derecognised.

i **Impairment of non-financial assets**

Non-financial assets other than inventories are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

j **Inventories**

Inventory is valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials

Raw materials which includes purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finished goods and Work in progress

Cost of finished goods and work in progress includes cost of raw materials, labour, production and attributable overheads based on normal operating capacity and are valued using the weighted average cost.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

Goods in transit

Goods in transit are valued at cost incurred to date.

k **Financial instruments**

a) Financial assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date.

i) **Classification as trade receivables '**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is uncondition unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note below:

ii) **Classification of financial assets at amortised cost**

The group classified its financial assets as at amortised cost only if both of the following criteria are met:

• the asset is held within a business model whose objective is to collect the contractual cash flows, and
• the contractual terms give rise to cash flows that are solely payments of principal and interest.

iii) **Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charge at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payment within three years from the end of the reporting period.

iv) **Cash and cash equivalents**

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

v) **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

b) Financial liabilities

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Company financial liabilities include trade and other payables.

Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

i) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ii) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company’s shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the balance sheet date are disclosed as an event after reporting period.

iii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss and other comprehensive income.

l **Impairment of financial instruments**

The Company has trade receivables for the sales of inventory that is subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivable are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

m **Prepayments**

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the income statement.

n **Borrowings**

Borrowings are recognized initially at their issue proceeds and subsequently stated at cost less any repayments. Transaction costs where immaterial, are recognized immediately in the income statement. Where transaction costs are material, they are capitalized and amortised over the life of the loan. Interest paid on borrowing is recognized in the income statement for the period.

o **Employee benefits**

The Company operates defined contribution and defined benefit schemes for its employees:

(i) **Defined contribution pension scheme**

In line with the provisions of the Pension Reform Act, 2014, the company has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the company at the rate of 8% by employees and 10% by the company of basic salary, transport and housing allowances invested outside the company through Pension Fund Administrators (PFAs) of the employees' choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees’ service in the current and prior periods.

The monthly contributions made by the Company to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) **Gratuity scheme**

The employee gratuity is a defined benefit plan. The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income (OCI).

Remeasurements, comparising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in income statement on the earlier of

- The date of the plan amendment or curtailment,and
- The date that the company recognises restructuring - related costs

Net interest calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation under administrative expenses' in the income statement (by function):

- Service costs comprising current service costs, past-service costs, and non-routine settlements
- Net interest expense or income

(iii) **Short-term benefits**

Short term employee benefit obligations which include wages, salaries, bonuses and other allowances for current employees are measured on an undiscounted basis and recognised and expensed by the entity in the income statement as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

p **Income taxes**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

The tax currently payable is based on taxable results for the year. Taxable results differ from results as reported in the income statement because it includes not only items of income or expense that are taxable or deductible in other years but it further excludes items that are never taxable or deductible. The Company's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

q **Share capital and Share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued is classified as ‘share premium’ in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

r **Dividend on ordinary shares**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the shareholders. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

s **Retained earnings**

Revenue include all current and prior period retained earnings

t **Contingent liability**

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Where the Company is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability. The entity recognises a provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change probability occurs except in the extremely rare circumstances where no reliable estimate can be made.

u **Related party transactions**

Related parties include the related companies, the directors, their close family members and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly, including any director (whether executive or otherwise) of that entity. The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions within the Company, the transactions are disclosed separately as to the type of relationship that exists within the Company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

v **Off statement of financial position events**

Transactions that are not currently recognized as assets or liability in the statement of financial position but which nonetheless give rise to credit risks, contingencies and commitments are reported off statement of financial position. Such transactions include letters of credit, bonds and guarantees, indemnities, acceptances and trade related contingencies such as documentary credits. Outstanding unexpired commitments at the year-end in respect of these transactions are shown by way of note to the financial statements.

6) **Financial risk management**

a) **General**

Pursuant to a financial policy maintained by the Board of Directors, the Company uses several financial instruments in the ordinary course of business. The Company's financial instruments are cash and cash equivalents, trade receivables, interest-bearing loans and bank overdrafts and trade payables.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, consisting of: currency risk, interest rate risk and price risk

b) ***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from Company's receivables from customers. It is the Company's policy to assess the credit risk of new customers before entering into contracts.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management.

The Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. customers that are grouped as "high risk" are placed on a restricted customer list, and future credit services are made only with approval of the Management, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

The maximum credit risk as per statement of financial position,without taking into account the aforementioned financial risk coverage instruments and policy, consists of the book values of the financial assets as stated below:

	2019		2018
	N'000		N'000
Trade receivables (Note 21)	935,263		844,265
Cash and cash equivalents (Note 22)	2,458,975		1,940,110
	3,394,238	1	2,784,375

As at the reporting date there was no concentration of credit risk with certain customers.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

Cash is held with the following institutions

	N'000	N'000
Diamond Bank Plc	996,057	997,705
Zenith Bank Plc	1,251,016	506,183
Standard chartered Bank Limited	16,758	1,275
Citi Bank	168,405	322,304
Wema Bank Plc	26,739	112,620
	2,458,975	1,940,087

c) **Impairment of trade receivables**

The Company has trade receivables for the sales of inventory that is subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 March 2019 or 1 April 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 March 2019 and 31 March 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

31 March 2019	**Current**	**30 days past due**	**60 days past due**	**360 days past due**	**More than 360 days past due**	**Total**
Expected loss rate -	0.0%	0.0%	0.0%	0.0%	100.0%	
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross carrying	477,617	222,149	67,773	167,724	160,350	1,095,613
Loss allowance	-	-	-	-	**160,350**	**160,350**

31 March 2018	**Current**	**30 days past due**	**60 days past due**	**360 days past due**	**More than 360 days past due**	**Total**
Expected loss rate -	0.0%	0.0%	0.0%	0.0%	100.0%	
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross carrying amount	55,875	335,251	314,974	138,165	159,343	1,003,608
Loss allowance	-	-	-	-	**159,343**	**159,343**

d) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity projections including available credit facilities are incorporated in the regular management information reviewed by Management. The focus of the liquidity review is on the net financing capacity, being free cash plus available credit facilities in relation to the financial liabilities. The following are the contractual maturities of financial liabilities:

As at 31 March 2019	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	3,359,604	3,359,604	3,096,931	262,673
Trade and other payables	7,194,220	7,194,220	7,194,220	-
	10,553,824	10,553,824	10,291,151	262,673

As at 31 March 2018	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	3,096,931	3,096,931	1,818,884	1,278,047
Trade and other payables	6,120,315	6,120,315	6,120,315	-
	9,217,246	9,217,246	7,939,199	1,278,047

e) ***Market risk***

Market risk concerns the risk that Company income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

i) ***Foreign exchange risk***

Foreign currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the goods imported from the parent company. The company do not hedge their foreign currency transaction but opens a Form M for each foreign transaction to manage the fluctuation of exchange rates.

ii) **Foreign currency sensitivity**

The Company is exposed to currency risk on recognised assets and liabilities that are denominated in a currency other than the functional currency of the Company. The currency in which these assets and liabilities are primarily denominated are US Dollar (USD).The Company's approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2019	2018
Financial asset	USD'000	USD'000
Cash and cash equivalent	1,342	1,342
Financial liabilities		
Borrowings	(9,338)	(9,338)
Trade payables	(18,474)	(18,474)
Net statement of financial position exposure	(26,470)	(26,470)

	Reporting date spot rate	
	2019	2018
	N	N
USD 1	305.5	305.9

Loss reported in the income statement would have increased/decreased by N290,862 if the exchange rate has increase or decrease by 3%.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the long- term debt obligations with floating interest rates.

iii) **Interest rate s**

The following table demonstrates the sensitivity to a reasonable possible change interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ (decrease)	**Effect on profit before tax**	**Effect on profit before tax**
		Strengthening	**Weakening**
	in %		
		N'000	N'000
2019	+/-1	81	(81)
2018	+/-1	81	(81)

7) **Capital management**

The Board of Director's policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the debt to capital ratio. The Board of Directors also monitors the level of dividend to be paid to holders of ordinary shares. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position.There were no changes in the Company's approach to capital management during the year.The Company is exposed to externally imposed capital requirements.

The debt-to-adjusted-capital ratio at 31 March 2019 and at 31 March 2018 were as follows:

	2019	**2018**
	N'000	**N'000**
Trade and other payables	7,194,220	6,071,735
Borrowings	3,359,604	3,096,931
Less: cash and cash equivalents	(2,458,975)	(1,940,110)
Net debt	8,094,849	7,228,556
Total equity	(503,485)	1,012,327
Total adjusted capital	(8,598,334)	(6,216,229)
Debt to adjusted capital ratio	(94%)	(116%)

8) **Revenue**

The Company has disaggregated revenue into various categories in the following table which is intended to:

i) depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

ii) enable users to understand the relationship with revenue informatioin provided below

		2,019	2,018
a)	**Revenue by product types**	**N'000**	**N'000**
	Antiretroviral drugs	2,042	1,289
	Chronic care drugs	439,100	382,796
	Family care drugs	1,481,252	1,306,561
	Health care drugs	1,526,996	1,568,310
	Rapid drugs	1,256,727	1,254,823
	Rise drugs	393,366	453,818
		5,099,483	4,967,597

b)	**Revenue by location**	**N'000**	**N'000**
	North central	573,780	523,786
	North east	81,821	80,972
	North west	961,806	956,241
	South east	1,794,731	1,818,176
	South south	416,476	405,229
	South west	1,270,869	1,183,193
		5,099,483	4,967,597

c)	**Revenue by customers category**	**N'000**	**N'000**
	Private	4,965,455	4,851,331
	Institution	26,416	28,388
	Government	107,612	87,878
		5,099,483	4,967,597

9)	**Cost of sales**	**N'000**	**N'000**
	Cost of sales	4,177,149	4,522,471

10)	**Other operating income**	**N'000**	**N'000**
	This comprises:		
	Write back of impairment provision	8,919	9,580
	Write back of technical fees waived by Sun Pharmaceuticals	84,889	98,764
	Profit on disposal of Property, plant and equipment	1,550	-
	Sale of scrap	1,140	655
		96,498	108,999

11)	**Selling and distribution expenses**	**N'000**	**N'000**
	Selling and promotion expenses	349,199	364,891
	Distribution charges	78,833	73,268
		428,032	438,159

		2019	2018
12)	**Administrative expenses**	N'000	N'000
	Salaries and wages (Note 12(a))	315,732	376,051
	Depreciation and amortisation (Note 16)	661,366	651,713
	Audit fee	8,000	6,500
	Professional fees	4,415	8,575
	Transport and travelling expenses	13,006	21,629
	Rent and rates	80,270	112,009
	Repairs and maintenance	2,731	17,032
	Technical know-how expenses	-	67,150
	Foreign exchange loss - unrealised	900,815	691,391
	Security services	2,081	7,821
	Regulatory expenses	7,663	11,104
	Electricity	5,515	8,692
	Impairment allowance on trade receivables (Note 20(a))	33,136	110,306
	Training	1,268	2,031
	Directors fees	300	435
	Bank charges	3,703	22,695
	Insurance	8,493	10,522
	Printing, stationery and communication	22,994	22,631
	Gift and entertainment	131	408
	Other administrative expenses	13,150	70,105
		2,084,769	2,218,800

12(a) Salaries and wages

Employee benefit expenses (including directors) comprises:	N'000	N'000
Wages and salaries	261,768	324,356
Workmen and staff welfare	5,445	15,079
Net benefit expenses	24,096	12,071
Pension cost	24,423	24,545
	315,732	376,051

(b) **Directors**

	N'000	N'000
The aggregate		
Fees	300	435
Other emoluments	-	-
	300	435

	N'000	N'000
(i) Chairman's emoluments(excluding pension contributions) totalled	-	-

	N'000	N'000
(ii) Emoluments of the highest paid director(excluding pension contributions) amounted to	7,878	7,195

(iii) The table below shows the number of Directors (excluding the Chairman) whose remuneration (excluding pension contributions) in respect of services to the company fall within the bands shown below:

	Number	Number
Up to N10,000,000	1	1
N10,000,001 and above	-	-
	1	1

(c) Employees	2019 Number	2018 Number
(i) The average number of persons employed (excluding Directors) in the Company during the year were as follows:		
Production	66	68
Sales and marketing	109	105
Finance and administration	13	13
	188	186

(ii) The table below shows the number of employees of the Company (other than Directors) who earned over N500,000 during the year and which fell within the bands stated below:

			Number	Number
Up	to	N500,000	-	-
N500,001	-	N1,000,000	48	37
N1,000,001	-	N1,500,000	77	94
N1,500,001	and	above	63	55
			188	186

		2019 N'000	2018 N'000
13)	**Finance income and expenses**		
(a)	**Finance income**		
	Interest on fixed deposit	90,549	143,940
(b)	**Finance expenses**		
	Interest on loan - Ranbaxy Netherlands	114,157	120,807
	Net finance income recognised in income statement	(23,608)	23,133

		N'000	N'000
14)	**Loss for the year is arrived at after charging**		
	Depreciation of property, plant & equipment (Note 16)	661,366	651,713
	Audit fees	8,000	6,500
	Unrealised loss	900,815	691,391
	And crediting:		
	Exchange gain	-	-

		N'000	N'000
15)(a)	**Income tax expense**		
	Current tax expense		
	Company income tax	-	-
	Education tax	4,558	-
	Total current tax expense	4,558	-
	Deferred tax asset	-	24,694
	Total tax income	4,558	24,694

(b) **Reconciliation of total tax charge**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Nigeria applied to results for the year are as follows:

	2019 N'000	2018 N'000
Loss for the year before tax	(1,517,577)	(2,079,701)
Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2018: 30%)	-	(623,910)
Effect of income that is exempt from taxation	(416,108)	(1,524,969)
Effect of expenses that are not	2,161,609	1,969,333
Balancing charges	1,550	-
Curent year adjusted loss	(229,474)	179,546
Education tax	4,558	-
Deferred tax	-	24,694
	4,558	24,694
Effective rate	(0%)	-1%

The Company is not liable to pay income tax because it has no total profit for income tax purpose and not liable to pay minimum tax because it has more than 25% foreign equity participation in accordance with the provisions of Companies Income Tax, CAP C21, LFN 2004 (as amended).

No provision has been made for education tax as the Company has no assessable profit in accordance with provision of the Education Tax Act, CAP E4 LFN 2004.

(c) **Income tax payable**

Tax as per statement of financial position	N'000	N'000
Balance at the beginning of the year		
Income tax	6,363	33,541
Education tax	-	8,584
	6,363	42,125
Payments during the year:		
Income tax	-	(27,178)
Education tax	-	(8,584)
Provision for the year:		
Income tax	-	-
Education tax	4,558	-
Balance at the end of the year	10,921	6,363

v) **Deferred taxation**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2018: 30%).

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

	Opening Balance at 1 April 2018	Recognized in net income	Recognized in OCI	Recognised directly in equity	Reclassify from equity to net income	Closing Balance at 31 March 2019
	N	N	N	N	N	N
Deferred Tax Liability						
Difference between PPE and TWDV	-	-	(2,710)	-	-	(2,710)
	-	-	(2,710)	-	-	(2,710)
Deferred tax assets						
Unutilised capital allowances	128,665	-	-	-	-	128,665
	128,665	-	-	-	-	128,665
Net deferred tax asset	(128,665)	-	(2,710)	-	-	125,955

16) **Property, plant and equipment**

Cost	Land and building N'000	Leasehold Improvement N'000	Furniture and fittings N'000	Motor Vehicles N'000	Plant and Machinery N'000	Generator N'000	Total N'000
At 1 April 2017	167,410	3,964,310	143,869	349,132	2,279,468	18,456	6,922,645
Additions	1,500	-	4,417	58,476	-	-	64,393
At 31 March 2018	168,910	3,964,310	148,286	407,608	2,279,468	18,456	6,987,038
At 1 April 2018	168,910	3,964,310	148,286	407,608	2,279,468	18,456	6,987,038
Additions	-	9,384	12,558	51,300	6,720	-	79,962
Disposals	-	-	-	(8,815)	(1,914)	-	(10,729)
At 31 March 2019	168,910	3,973,694	160,844	450,093	2,284,274	18,456	7,056,271
Accumulated depreciation and impairment							
At 1 April 2017	-	142,647	123,058	284,557	208,524	18,456	777,242
Charge for the year	-	384,965	8,813	31,651	226,284	-	651,713
At 31 March 2018	-	527,612	131,871	316,208	434,808	18,456	1,428,955
At 1 April 2018	-	527,612	131,871	316,208	434,808	18,456	1,428,955
Charge for the year	-	385,859	8,679	41,448	225,380	-	661,366
On disposals	-	-	-	(8,815)	(1,914)	-	(10,729)
At 31 March 2019	-	913,471	140,550	348,841	658,274	18,456	2,079,592
Carrying amounts as at:							
31 March 2018	168,910	3,436,698	16,415	91,400	1,844,660	-	5,558,083
31 March 2019	168,910	3,060,223	20,294	101,252	1,626,000	-	4,976,679

(a) Impairment losses recognised in the year

There were no impairment losses recognised during the year.

(b) Assets pledged as security

None of the Company's property was pledged as secuity in the period under review.

(c) **Contractual commitments**

At 31 March 2019, the company had no contractual commitments for the acquisition of property, plant and equipment (2018: Nil).

17) **Intangible assets**

	Computer Software N'000
Cost	
At 1 April 2017	13,137
Additions	-
At 31 March , 2018	**13,137**
At 1 April 2018	13,137
Additions	-
At 31 March , 2019	**13,137**
Accumulated amortisation	
At 1 April 2017	13,137
Amortisation	-
At 31 March , 2018	**13,137**
At 1 April 2018	13,137
Amortisation	-
At 31 March , 2019	**13,137**
Carrying amounts as at:	
31 March 2018	-
31 March 2019	-

18(a) **Employee benefit plan**

The Company has a defined benefit gratuity scheme,which is non contributory and is classified as other employment benefits in line with IAS 19. Prior to January 2014, the scheme was not funded. However, with effect from January 2014, a plan asset has been set aside, being managed by Stanbic IBTC Limited, to take care of future obligations, the obligations, service cost and actuarial gains/ (loss) are based on actuarial valuation performed by Sharp View Associates (FRC/2014/ICAN/00000006132)

The Company's defined benefit pension plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The plan does not operate under any regulatory framework and there is no minimum funding requirements. Because of the volatility in the capital market, the Company's management aim to invest mainly in fixed income securities including government bonds.

The management is of the view that the plan asset would not expose the Company to any form of risk as about 99.8% of the plan asset is invested in federal government bonds and treasury bills.

The following tables summarise the components of net benefit expenses recognised in statement of profit or loss and other comprehensive income and the funded status and amount recognised in the statement of financial position for the respective plan.

(b) **Net benefit expenses (recognised in adminstrative expenses as part of staff costs).**

	2019	2018
Current service cost	**N'000**	**N'000**
Interest cost on benefit obligation	**13,471**	**11,074**
Interest return on plan assets	**12,072**	**12,878**
Net benefit assets	(12,632)	(14,336)
	12,911	**9,616**

(c) **2019 changes in the defined benefit and fair value of plan assets**

	Pension cost charged to profit or loss					Remeasurement /(gain)/losses in other comprehensive income					
	1 April 2018 N'000	Service cost N'000	Interest cost/ Income N'000	Sub-total included in profit or loss N'000	Benefit paid N'000	Return on plan(excluding amounts included in net interest expenses N'000	Actuarial changes arising from changes in demographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2019 N'000
Defined benefit obligation	(88,936)	(13,471)	(12,072)	(25,543)	7,060	-	31,222	(13,843)	17,379	-	(90,040)
Fair value of plan assets	90,963	-	12,632	12,632	(7,060)	-	-	(8,346)	(8,346)	-	88,189
	2,027	(13,471)	560	(12,911)	-	-	31,222	(22,189)	9,033	-	(1,851)

(d) **Employee benefit plan**
2018 changes in the defined benefit and fair value of plan assets

		Pension cost charged to profit or loss				Remeasurement /(gain)/losses in other comprehensive income					
	1 April 2017 N'000	Service cost N'000	Interest Income N'000	Sub-total included in profit or loss N'000	Benefit paid N'000	Return on plan(excluding amounts included in net interest expenses N'000	Actuarial changes arising from changes in demographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2018 N'000
Defined benefit obligation	(66,341)	(11,074)	(12,878)	(23,952)	3,122	-	-	(1,765)	(1,765)	-	(88,936)
Fair value of plan assets	77,984	-	14,336	14,336	(3,122)	-	-	1,765	1,765	-	90,963
	11,643	(11,074)	1,458	(9,616)	-	-	-	-	-	-	2,027

(e) **Employee benefit plan - continued**

The major categories of plan assets of the fair value of the total plan assets are as follows:

	2019	**2018**
	N'000	**N'000**
Investment quoted in active market		
Treasury bills	36,160	2,201
Bonds issued by Nigerian Government	51,952	88,484
Cash and cash equivalents	77	278
	88,189	90,963

(f) The valuation assumptions used in determining retirement benefit obligations for the Company's plan are shown below:

Financial Assumptions (Long Term Average)	**2019**	**2018**
	%	%
Discount rate (per annum)	-	13
Average pay increase (per annum)	13	10
Average inflation rate (per annum)	12	14

Demographic Assumptions

Sample age	No of deaths in the year out of 10,000 lives	
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

The rates of mortality assumed for employees are the rates published in A67/70 Ultimate Tables, published jointly the institute and faculty of actuaries in the UK.

Withdrawal from service (Age Band)	%	%
Less than or equal to 30	2.0	2.0
31 - 39	1.5	1.5
40 - 44	1.0	1.0
44 - 50	0	0

19) **Inventories**	**2019**	**2018**
	N'000	**N'000**
Raw materials	399,834	500,510
Work in progress	261,592	58,643
Finished goods	459,755	510,160
Spares	19,957	-
Packaging materials	301,133	204,114
Goods in transit	276,191	375,276
	1,718,462	1,648,703
Allowance for obsolete spares and slow moving stock 19(a)	(258,811)	(132,076)
	1,459,651	1,516,627

The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting dates.

(a) *Movement in allowance for impairment for inventory is as stated below:*

	N'000	**N'000**
Balance at beginning of the year	132,076	85,021
Impairment allowance	126,735	47,055
Balance at the end of the year	258,811	132,076

20) **Trade and other receivables**	**N'000**	**N'000**
Trade receivables	1,095,613	1,003,608
Allowance for impairment of trade receivables 20(a)	(160,350)	(159,343)
Trade receivables - net	935,263	844,265
Other receivables (Note 20c))	42,584	131,894
Loans and advances (Note 20(e))	25,308	13,947
Prepayments (Note 20(f))	50,251	75,615
Interest receivables	14,035	-
	1,067,441	1,065,721

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(a) ***The age analysis of trade receivables is as follows:***	**N'000**	**N'000**
Not due	477,617	55,875
Past due 1 - 30 days	222,149	335,251
Past due 31- 60days	67,773	314,974
Past due 61-180 days	98,958	118,227
Past due 181-360 days	68,766	19,938
Amount due above 360 days and impaired	160,350	159,343
	1,095,613	1,003,608

The Company does not hold any collateral as security for trade receivables.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.
The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Company operates.

(b) ***Movement in allowance for impairment for trade receivables is as stated below:***

	2019	2018
	N'000	N'000
Balance at beginning of the year	159,343	49,037
Amount written off	(32,129)	-
Allowance for impairment during the year	33,136	110,306
Balance at the end of the year	160,350	159,343

The movement in the impairment allowance for trade receivables has been included in the as a line item in the statement of profit or loss and other comprehensive income.

(c) **Other receivables**

	N'000	N'000
Advance to contractors	190,302	199,220
Witholding tax receivables	42,583	33,022
Others	-	98,872
	232,885	331,114
Impairment of other receivables (Note 20(d))	(190,301)	(199,220)
	42,584	131,894

(d) *Movement in allowance for impairment for other receivables is as stated below:*

	N'000	N'000
Balance at beginning of the year	199,220	208,800
Allowance for impairment no longer required	(8,919)	(9,580)
Balance at the end of the year	190,301	199,220

(e) **Loans and advances**

	N'000	N'000
Staff advance	29,484	18,123
Impairment on loans and advances	(4,176)	(4,176)
	25,308	13,947

(f) **Movement in impairment on loan and advances**
The movements in the allowance for impairment is as follows:

	N'000	N'000
Balance at beginning of the year	4,176	4,176
Allowance for impairment no longer required	-	-
Balance at the end of the year	4,176	4,176

(g) **Prepayments**

	N'000	N'000
Rent	15,183	41,354
Insurance	5,167	28,841
Advertising	586	1,070
Advance to suppliers	29,315	4,350
	50,251	75,615

21) **Cash and cash equivalents**

	2019	2018
	N'000	N'000
Cash in hand	108	23
Cash and bank balances	1,530,339	1,240,087
Short term investments (Note 21(a))	928,528	700,000
	2,458,975	1,940,110

For the purposes of the statement of cashflows, cash and cash equivalents include cash on hand and in banks and short term investments with an original maturity of three months or less, net of outstanding bank overdraft.

(a) **Short term investments**
This represents cash held in fixed deposits in various banks. These investments are placed in short term deposits and are continuously rolled over throughout the period.

22) **Borrowings**

(a) **Short term borrowings**

	N'000	N'000
Long term loan due within one year (Note 22(b)	3,359,604	3,096,931

The movement in long term loan is as follows:	N'000	N'000
Balance at the beginning of the year	3,096,931	2,744,771
Accrued interest expenses	114,157	443,891
Exchange loss/(gain)	148,516	(91,731)
Balance at the end of the year	3,359,604	3,096,931
Amount due within one year	(3,359,604)	(3,096,931)
Amount due after one year	-	-

(b) The Company obtained a loan of $8,000,000 from SUN Pharma (Netherlands) B.V (Formerly Ranbaxy Netherlands BV) to finance its factory project. The principal amount is to be repaid in 5 equal instalments falling due on November 30 each year starting from 2015. The loan is not securred on any property of the company. The loan is priced at the rate of 6 monthly US dollar LIBOR plus 300bp per annum on the principal amount outstanding and shall be calculated on the basis of actual/360 days. The loan is stated at amortised cost using floating interest rate which approximate effective interest rate.
Accrued interest relates to portion of borrowing cost capitalised during the period but not yet paid as at 31 March 2019

23) **Trade and other payable**

	N'000	N'000
Trade payables	235,729	238,724
Amount due to related parties	6,796,286	5,692,928
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	7,032,015	5,931,652
Other payables and accruals (note 23(a))	162,205	140,083
Total trade and other payables	**7,194,220**	**6,071,735**

Trade payables are non- interest bearing and are normally settled between 30 days to 60 days terms.
Other payables are non- interest bearing and have an average term of six months to one year.

		2019	2018
(a)	*Other payables and accruals*	₦'000	₦'000
	Withholding tax payable	4,872	7,007
	Value added tax	-	335
	Salary payable	2,515	15,482
	Dividend payable	10,281	10,281
	PAYE	2,861	-
	Pension	3,932	482
	Incentives and commission payable	54,766	26,061
	Factory relocation provision	13,175	23,862
	Leave encashment	32,226	21,027
	Bonus payable	17,946	16,515
	Sundry payable	19,631	19,031
		162,205	140,083

24)	**Provisions**	₦'000	₦'000
	Balance at the beginning of the year	23,877	33,311
	Additions/(writeback) during the year	1,713	(9,434)
	Balance at the end of the year	25,590	23,877

Provisions represent management estimate of the value of goods sold but are probable of being returned if they are yet to be sold before their expiry date as contained in the contract of sales with the customers.

25)	**Share Capital**		
	Authorised Share capital	₦'000	₦'000
	40,000,000 Ordinary share of N1 each	40,000	40,000
	Issued and fully paid:	₦'000	₦'000
	40,000,000 Ordinary share of N1 each	40,000	40,000

The Company has one class of ordinary shares which carry no right to fixed income.

26)	**Share Premium**	₦'000	₦'000
	Balance as at the beginning and end of the year	38,951	38,951

27)	**Revenue reserves**	N'000	N'000
	Balance at the beginning of the year	933,376	3,037,771
	Loss for the year	(1,522,135)	(2,104,395)
	Transfer from other comprehensive income (Note 27(a))	6,323	-
	Balance at the end of the year	(582,436)	933,376

(a)	Transfer from other comprehensive income	N'000	N'000
	Gain on actuarial valuation	9,033	-
	Deferred tax	(2,710)	-
		6,323	-

28) Related Parties Disclosures

(a) Transactions with related parties

The Company is a subsidiary of Ranbaxy Laboratories Limited - India up until March 2015, when Ranbaxy Laboratories Limited (RLL) merged with the SUN Pharmaceutical Industry Limited, India . Ranbaxy Netherland BV (RNBV) a subsidiary of Ranbaxy Laboratories Limited (RLL) India holds 52.63% of the ordinary share capital of the Company while Ranbaxy Laboratories Limited holds 32.68% equity interest in the Company. Consequently, SUN Pharmaceutical Industries Limited now holds 32.68% equity interest in Ranbaxy Nigeria Limited while the SUN Pharmaceutical Industries Limited group jointly holds 85.31% of the issued share capital of Ranbaxy Nigeria Limited. With effect from 28 July 2017, the name Ranbaxy Netherland BV was changed to Sun Pharma (Netherlands) B. V.

The Company enters into various transactions with its related Companies and with other key management personnel in the normal course of business. Details of the significant transactions carried out during the year with the related parties transaction are as follows:

	2019 N'000	2018 N'000
Borrowings fromSun Pharma (Netherlands) B.V (Formerly Ranbaxy Netherlands BV) (Note (22))	3,359,604	3,096,931
Due to related parties for materials purchased (Note (23))	6,796,286	5,692,928
	10,155,890	8,789,859

(b) Identity of related parties

The related parties to the Company include:

SUN Pharmaceutical Industries Limited - The Company source majority of its raw materials and finished goods from SUN Pharma. The value of the raw materials and finished goods purchased during the year amounted to N2.14 billion (2018:N2.45 billion).

(c) Key management personnel

The Key management personnels of the Company include its directors (both executive and non-executive) and other identified key management staff.

Olaogun Badru Atanda	Chairman
Mahendra Bharadwaj	Vice chairman
Hanwant Singh Arora	Managing Director
Samson Yomi Osewa	Non-executive Director
Harin Mehta	Non-executive Director
Mihaly Kaszas	Non-executive Director

(d) Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	N'000	N'000
Short term employment benefits	7,878	7,195

29) **Going concern**

During the year ended 31 March 2019, the Company incurred a loss after taxation of N1.52 billion (2018: N2.10 billion) resulting in deficit in equity fund by N503.4 million (2018: positive equity of N1.01 billion) and accumulated losses of N582.44 million (2018: accummulated profit of 933.38 miilion) as of that date. The parent Company, SUN Pharmaceutical Industries Limited has resolved to provide financial support to the Company. Accordingly, the accompanying financial statements have been prepared on the basis of accounting policies applicable to a going concern.

30) **Contingent liabilities**

There were contigent liabilities in respect of legal actions against the Company for which certain potential liability may arise as noted by the Solicitors. However, no provision has been made in these financial statements in respect of the legal actions as the directors, having taken legal advice, do not believe that any material liability will eventually be borne by the Company. The details of the matters are detailed below:

(a) **Borex Int. Nig Ltd and Ranbaxy Nigeria Limited (ID/ADR/107/2014)**

Borex is claiming general damages of N205,120,000.00 from Ranbaxy for breach of contract and N87,866,245.00 as accrued & outstanding sums arising out of the contract. Management is contesting vigorously the claims of Borex insisting that most of the items claimed for had already been paid. Management has requested for both parties to meet and reconcile their accounts since 2013 but Borex refused to attend the meeting. The Solicitors believe that Borex chances of success in the suit is slim.

(b) **Genux Nig. Ltd Vs Ranbaxy Nig. Ltd (ID/ADR/114/2016)**

This is a claim of USD 60,000.00 being the sum purportedly due to the claimant for the structural designs and drawing of Ranbaxy pharmaceutical factory. Management insists that it never engaged the services of the claimant for the said structual drawings & design and it had no contractual relationship with them. In the opinion of the Solicitors, the claimant has not shown any evidence of its being contracted by Ranbaxy. As there is no privity of contract between the parties, the claims will not succeed.

(c) **Feccox Vs Ranbaxy Nig. Ltd (ID/ADR/575/2017)**

This is a counter-claim for N10,000,000 being unpaid incentives, soiled and unsupplied goods to Feccox Pharmacy. Management is contesting that the counter-claim is statute bared as it arose from years 2005-2010 and case filed in 2017. In the opinion of the Solicitors, the counter-claim cannot succeed since it is statute bared.

(d) **Ayodeji Adebayo Vs Ranbaxy Nig. Ltd (CA/L/106/2017)**

Subsequent to her resignation in 2006 the ex-HR head, continues to stake her claim of under payment through her lawyer. She had filed the case in Local Court demanding USD 100,000 (NGN15,000,000 plus interest @ 21% p.a). On the 20th October 2016, Judgemnt was delivered whereby all the claims filed by the claimant and defendant were dismissed by the court. But the Judge went ahead to award a compensation to the claimant to the tune of N12,000,000 plus interest of 10% from date of joining the Company on the ground of discrimation while in the employment of the defendant. Meanwhile, Ranbaxy has filed an appeal and the stay of execution against the judgement in the Court of Appeal . In the opinion of the Solicitors, Ranbaxy has a good chance of setting aside the judgement on appeal, against the Company's exposure to the sum of N27,983.697 (USD 136,000) based on the appeal court Judgement.

31) **Capital expenditure**

There were no commitments to capital expenditure at the date of the statement of financial position (2018 : Nil).

32) **Events after the reporting date**

There has been no material event after the reporting date that has not been taken into account in the preparation of these financial statements.

STATEMENT OF VALUE ADDED

	2019 N'000	%	2018 N'000	%
Revenue	5,099,483		4,967,597	
Investment income	90,549		143,940	
Other income	96,498		108,999	
	5,286,530		5,220,536	
Bought-in-materials and services:				
Foreign	(5,827,009)		(6,272,473)	
Value absorbed	**(540,479)**	**(100)**	**(1,051,937)**	**(100)**
% of value absorbed	**(10%)**		**(20%)**	
Applied as follows:				
To pay employees:				
- Salaries, wages and other benefits	315,732	58	376,051	36
To pay Government:				
- Taxation	4,558	1	24,694	2
Retained for growth and expansion				
- Depreciation	661,366	122	651,713	62
Loss for the year	(1,522,135)	(282)	(2,104,395)	(200)
	(540,479)	**(100)**	**(1,051,937)**	**(100)**

RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS, 31 MARCH 2019
OTHER NATIONAL DISCLOSURE
FIVE-YEAR FINANCIAL SUMMARY

Statement of financial position	**31 March 2019**	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**
Net assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	4,938,913	5,777,711	4,448,737	4,448,737	3,942,800
Net current (liabilities)/assets	(5,604,268)	(4,676,448)	(29,194)	(29,194)	700,142
Non-current liabilities	(90,040)	(88,936)	(1,065,687)	(1,065,687)	(1,656,498)
Total assets	(755,395)	1,012,327	3,353,856	3,353,856	2,986,444
Capital and reserves					
Share capital	40,000	40,000	40,000	40,000	40,000
Share premium	38,951	38,951	38,951	38,951	38,951
Revenue Reserve	(582,436)	933,376	3,274,905	3,274,905	2,907,493
Total equity	(503,485)	1,012,327	3,353,856	3,353,856	2,986,444
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	5,099,483	4,967,597	3,471,793	3,471,793	3,323,292
(Loss)/profit before taxation	(1,517,577)	(2,079,701)	766,661	766,661	357,611
Taxation	(4,558)	(24,694)	(390,965)	(390,965)	(165,415)
(Loss)/profit after taxation	(1,522,135)	(2,104,395)	375,696	375,696	192,196