RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS
31 MARCH 2017

BDO

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	2nd floor 52A Campbell Street Lagos
Company Secretary	Mr. Kufre Udoh 24 Abimbola Street Isolo Lagos
Auditors	BDO Professional Services (Chartered Accountants) ADOL House 15, CIPM Avenue Cental Business District Alausa, Ikeja Lagos.
Bankers	Diamond Bank Plc Zenith Bank Plc Standard Chartered Bank Plc Wema Bank Plc Stanbic IBTC Bank Limited CitiBank Nigeria Limited

RANBAXY NIGERIA LIMITED
Directors' Report
For the year ended 31 March 2017

Financial statements

The directors are pleased to present their annual report on the affairs of Ranbaxy Nigeria Limited ("the Company") together with the financial statements and the independent auditor's report for the year ended 31 March 2017.

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:

	2017 ₦'000	2016 ₦'000
Turnover	4,125,356	3,471,793
Operating (loss)/profit	(518,328)	748,460
(Loss)/profit before tax	(377,470)	766,661
(Loss)/profit after tax	(190,377)	375,696

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:

	No of ordinary shares of ₦1 each	
	2017	**2016**
Olaogun Badru Atanda	684,104	684,104
Mahendra Bharadwaj (Indian)	-	-
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 (₦)
Ranbaxy (Netherlands) B.V.	**52.63**	**21,052,302**	**21,052,302**
Sun Pharmaceutical Industries Limited, India	**32.68**	**13,070,648**	**13,070,648**
Individual Shareholders	**14.69**	**5,877,050**	**5,877,050**
	100	**40,000,000**	**40,000,000**

Apart from Sun Pharmaceutical Industries Limited Group that jointly holds 85.31% of the issued share capital; no other shareholder held 5% or more of the issued share capital of the Company as at 31 March 2017.

RANBAXY NIGERIA LIMITED
Directors' Report (cont'd)
For the year ended 31 March 2017

Employment and employees

Employment of physically challenged persons:
It is the policy of the company that there should be no discrimination in considering applications for employment including those from disable persons.. All employees, whether or not physically challenged, are given equal opportunities to develop their experience 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 and that appropriate training is arranged. 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. The company had no physically challenged person in its employment as at 31 March 2017.

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 is committed to keeping employees 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
---------- May 2017

Statement of Directors' Responsibilities
for the year ended 31 March 2017

The directors accept responsibility for the preparation of the annual financial statements set out on pages 3 to 37 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material miss-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:

Director's name	Director's name
Signature May 2017	Signature May 2017

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF RANBAXY NIGERIA LIMITED

Opinion

We have audited the financial statements of Ranbaxy Nigeria Limited which comprise, the statement of financial position as at 31 March 2017, 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 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, 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 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.

Other information

Management is responsible for the other information. The other information comprises the information included in the Directors' statements, but does not include the financial statements and our auditors 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.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements 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 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s 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 Intenational 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. A further description of our responsibilities for the audit of the financial statements is located in an appendix to this report. This description forms part of our audit report.

Report on other legal matters

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

For: BDO Professional Servic
Chartered Accountants

Appendix 'A'

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism 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 management.

* Conclude on the appropriateness of Management's 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 auditor's 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 auditor's 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 those charged with governance 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.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 N'000	2016 N'000
Revenue	8	4,125,356	3,471,793
Cost of sales	9	(3,741,546)	(1,827,084)
Gross profit		383,810	1,644,709
Other operating income	10	962,181	11,503
Selling & distribution expenses	11	(387,778)	(343,621)
Administrative expenses	12	(1,476,541)	(564,131)
(Loss)/profit from operating activities		(518,328)	748,460
Finance income	13	140,858	18,201
Net finance income		140,858	18,201
(Loss)/profit before taxation	14	(377,470)	766,661
Taxation	15(a)	187,093	(390,965)
(Loss)/profit after tax for the year		(190,377)	375,696
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan	18	17,000	(11,835)
Income tax effect		(5,100)	3,551
Items that will be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the year, net of tax		11,900	(8,284)
Total comprehensive (loss)/income for the year		(178,477)	367,412

The accompanying notes on pages 7 to 36 and other national disclosures on pages 37 and 38 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2017

	Notes	2017	2016
Non-current assets		**N'000**	**N'000**
Property, plant and equipment	16	6,145,403	4,379,419
Intangible assets	17	-	-
Deferred tax liability	15c	153,359	-
Employee defined benefit asset	18(e)	77,984	69,318
Total non-current assets		6,376,746	4,448,737
Current assets			
Inventory	19	1,680,350	670,970
Trade and other receivables	20	1,008,722	1,079,330
Cash and cash equivalents	21	3,106,694	1,934,742
		5,795,766	3,685,042
Current liabilities			
Short term borrowings	22(i)	1,818,884	766,413
Trade and other payables	23	6,120,585	2,644,616
Provisions	24	33,311	28,023
Taxation	15(b)	42,125	275,184
		8,014,905	3,714,236
Net current liabilities		(2,219,139)	(29,194)
Total assets less current liabilities		4,157,607	4,419,543
Non-current liabilities			
Long term borrowings	22(ii)	925,887	956,400
Employment benefits obligation	18	66,341	63,863
Deferred tax liability	15c	-	45,424
		992,228	1,065,687
Net assets		3,165,379	3,353,856
Equity			
Share capital	25	40,000	40,000
Share premium	26	38,951	38,951
Revenue reserve	27	3,086,428	3,274,905
Total equity		3,165,379	3,353,856

The financial statements and notes on pages 3 to 38 were approved by the Board of directors on ………. and signed on its behalf by:

(i))
)

(ii))
)

(iii))

The accompanying notes on pages 7 to 36 and other national disclosures on pages 37 and 38 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

RANBAXY NIGERIA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 April 2016	40,000	38,951	3,274,905	3,353,856
Comprehensive Income for the year				
Loss for the year	-	-	(190,377)	(190,377)
Dividend paid	-	-	(10,000)	(10,000)
Other comprehensive income:	-	-	-	-
Remeasurement gain on defined benefit plan	-	-	11,900	11,900
Total comprehensive loss for the year	-	-	(178,477)	(188,477)
Contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2017	40,000	38,951	3,096,428	3,165,379

	N'000	N'000	N'000	N'000
Balance at 1 April 2015	40,000	38,951	2,907,493	2,986,444
Comprehensive Income for the year				
Profit for the year	-	-	375,696	375,696
Other comprehensive income:				
Remeasurement loss on defined benefit plan	-	-	(8,284)	(8,284)
Total comprehensive income for the year	-	-	367,412	367,412
Contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2016	40,000	38,951	3,274,905	3,353,856

The accompanying notes on pages 7 to 36 and other national disclosures on pages 37 and 38 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2017

	Notes	2017	2016
Cash flows from operating activities		**N'000**	**N'000**
(Loss)/profit after taxation		(190,377)	375,696
Adjustments for:			
Depreciation of property, plant and equipment	16	102,654	72,301
Finance income	13	(140,858)	(18,201)
Asset written off		-	1,268
Employee costs under defined benefit plan		10,812	3,343
Exchange difference on interest bearing loan		843,886	1,120
Income tax expense	15(a)	(187,093)	390,965
		439,024	826,492
(Increase)/decrease in inventory		(1,009,380)	185,636
Decrease in trade and other receivables		70,608	463,185
Increase in trade and other payables		3,475,969	772,191
Increase/(decrease) in provisions		5,288	(29,911)
Cash generated by operations		2,981,509	2,217,593
Tax paid	15(b)	(249,849)	(210,842)
Net cashflow from operating activities		2,731,660	2,006,751
Cash flows from investing activities			
Additions to property, plant and equipment	16	(1,690,566)	(547,581)
Finance income	13	140,858	18,201
Net cash outflow from investing activities		(1,549,708)	(529,380)
Cash flows from financing activities			
Dividend paid		(10,000)	-
Net cash outflow from financing activities		(10,000)	-
Net increase in cash and cash equivalents		**1,171,952**	**1,477,371**
Cash and cash equivalents at the beginning of the year		1,934,742	457,371
Cash and cash equivalents at the end of the year	21	3,106,694	1,934,742

The accompanying notes on pages 7 to 36 and other national disclosures on pages 37 and 38 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. RNBV holds 52.63% of the ordinary share capital of the company. RNBV is subsidiary of Ranbaxy Laboratories Limited (RLL) of India. Ranbaxy Laboratories Limited holds 32.68% equity interest in Ranbaxy Nigeria. RLL merged with the SUN Pharmaceutical Industry Limited, india with effect from 25 March 2015. Consequently, SUN Pharmaceutical Industries Limited now hold 32.68% equity interest in Ranbaxy Nigeria Limited while the SUN Pharmaceutical industries Limited group jointly holds 85.31% of the issued share capital.

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, amendments and interpretation issued but not yet adopted by the Company

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 March 2017. They have not been adopted in preparing the financial statements for the year ended 31 March 2017 and are not expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated in the table below.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (2014) (issued Jul 2014)	Financial Instruments	**Classification and measurement** Financial assets will either be measured - at amortised cost, - fair value through other comprehensive income (FVTOCI) or - fair value through profit or loss (FVTPL). **Impairment** The impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition. **Hedging** The new hedge accounting model introduced the following key changes: -Simplified effectiveness testing, including removal of the 80-125% highly effective threshold -More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions -Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods -Less profit or loss volatility when using options, forwards, and foreign currency swaps -New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.	Annual reporting periods commencing on or after 1 January 2018	The first time application of IFRS 9 will have a wide and potentially very significant impact on the accounting for financial instruments. The new impairment requirements are likely to bring significant changes for impairment provisions for trade receivables, loans and other financial assets not measured at fair value through profit or loss. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.
IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (i) Identify the contract(s) with a customer (ii)Identify the performance obligations in the contract (iii)Determine the transaction price (iv)Allocate the transaction price to the performance obligations in the contract (v)Recognise revenue when (or as) the entity satisfies a performance obligation	1 January 2018	The Board is currently reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted. Consideration will be given to the following: (i)At what point in time the company recognises revenue from each contract whether at a single point in time or over a period of time; (ii) whether the contract needs to be 'unbundled' into two or more components; (iii)how should contracts which include variable amounts of consideration be dealt with; (iv)what adjustments are required for the effects of the time value of money; (v) what changes will be required to the company's internal controls and processes.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. **Accounting by lessees** Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless: i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.	Annual reporting periods beginning on or after 1 January 2019	The Company is still reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted in 2019.
		The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The lease liability is subsequently re-measured to reflect changes in: o the lease term (using a revised discount rate); o the assessment of a purchase option (using a revised discount rate); o the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or o future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The re-measurements are treated as adjustments to the right-of-use asset. **Accounting by lessor** Lessor shall continue to account for leases in line with the provision in IAS 17.		

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:

i) **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.

ii) **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.

iii) **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.

(iv) **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, morality 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 ecah 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.

(i) **Sale of goods**

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) **Finance income**

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.

d **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;

e **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.

f **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.

g **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.

h **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.

i **Inventories**

Inventories are 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.

Finsished 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.

j **Financial Assets**

The company financial assets include loans and receivables which further comprise of trade receivables and cash and short-term deposits. After initial measurement, the subsequent measurement of financial assets depends on their classifications as follows:

i) **Loans and receivables**

Loans and receivables including staff loans are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loan and receivables are subsequently measured at amortised cost using the Effective Interest Rate(EIR) method, less impairment. Amortised calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortisation is included in finance/interest income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired as well as through the amortisation process.

ii) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impairment. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectable, it is written off as 'administrative expenses' in the income statemement. Subsequent recoveries of amounts written off are included in other operating income

iii) **Cash and equivalents**

Cash and cash equivalents includes cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months. Bank overdraft are shown within borrowings in current liabilities in the statement of financial position. For the purpose of cash flows, cash and cash equivalents consist of cash and short- term deposits as defined above, net of oustanding bank overdrafts(if any).

k **Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the company may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

l **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.

m **Financial liabilities**

Financial liabilities are initially recognised at fair value when the Company become 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 includes: trade 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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 or payable is recognised in income statement.

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The Company's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

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 the following contribution and 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 Ranbaxy Nigeria Limited 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 differs 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**

General reserve represents amount set aside out of profits of the Company which shall at the discretion of the directors be applied to meeting contingencies, repairs or maintenance of any works connected with the business of the Company, for equalising dividends, for special dividend or bonus, or such other purposes for which the profits of the Company may lawfully be applied.

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**

i **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

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:

	2017	2016
	N'000	N'000
Trade receivables (Note 20)	778,872	654,730
Cash and cash equivalents (Note 21)	3,106,694	1,934,742
	3,885,566	2,589,472

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	501,720	501,720
Zenith Bank Plc	187,865	187,865
Stanbic IBTC Bank Plc	4,992	4,992
Standard chartered Bank Limited	1,049	1,049
Wema Bank Plc	39,061	39,061
	734,687	734,687

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 2017	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	2,744,771	2,744,771	1,818,884	925,887
Trade and other payables	6,120,585	6,120,585	6,120,585	-
	8,865,356	8,865,356	7,939,469	925,887

As at 31 March 2016	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	1,722,813	1,722,813	766,413	956,400
Trade and other payables	2,644,616	2,644,616	2,644,616	-
	4,367,429	4,367,429	3,411,029	956,400

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.

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.

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:

	2017	2016
Financial asset	USD'000	USD'000
Cash and cash equivalent	-	-
Financial liabilities		
Borrowings	(8,974)	(8,646)
Trade payables	(18,474)	(11,231)
Net statement of financial position exposure	(27,448)	(19,877)

	Reporting date spot rate	
	2017	2016
	N	N
USD 1	305.9	196.5

Loss reported in the income statement would have increased/decreased by N181,151 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.

(ii) **Interest rate sensitivity**
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**
	in %	**Strengthening**	**Weakening**
		N'000	N'000
2017	+/-1	577	(577)
2016	+/-1	533	(533)

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 2017 and at 31 March 2016 were as follows:

	2017	**2016**
	N'000	**N'000**
Trade and other payables	6,120,585	2,644,616
Borrowings	2,744,771	1,722,813
Less: cash and cash equivalents	(3,106,694)	(1,934,742)
Net debt	5,758,662	2,432,687
Total equity	3,165,379	3,353,856
Debt to adjusted capital ratio (%)	182%	73%

		2017	2016
8)	**Revenue**	**N'000**	**N'000**
	Sales	4,125,356	3,471,793
9)	**Cost of sales**	**N'000**	**N'000**
	Cost of sales	3,741,546	1,827,084
10)	**Other operating income**	**N'000**	**N'000**
	This comprises:		
	Write back of impairment provision	14,047	7,268
	Realised foreign exchange gain	947,493	3,799
	Sale of scrap	641	436
		962,181	11,503
11)	**Selling and distribution expenses**	**N'000**	**N'000**
	Selling and promotion expenses	314,588	284,701
	Distribution charges	73,190	57,658
	Others	-	1,262
		387,778	343,621
12)	**Administrative expenses**	**N'000**	**N'000**
	Salaries and wages (Note 12(a))	251,695	205,632
	Depreciation and amortisation	101,711	72,301
	Audit fee	5,500	5,000
	Professional fees	11,549	8,110
	Transport and travelling expenses	13,903	6,450
	Rent	63,094	80,597
	Repairs and maintenance	12,311	16,740
	Technical know-how expenses	64,472	50,866
	Foreign exchange loss - unrealised	818,843	26,101
	Security services	2,879	2,995
	Regulatory expenses	32,573	10,741
	Electricity	7,196	4,289
	Impairment of trade receivables (Note 20(i))	-	-
	Impairment allowance on other receivables (Note 20(iv))	-	21,600
	Impairment allowance on loan and advances (Note 20(vi))	4,081	289
	Training	1,140	976
	Directors fees	400	350
	Bank charges	6,975	2,549
	Insurance	21,137	6,083
	Printing, stationery and communication	26,550	19,378
	Gift and entertainment	10,745	3,931
	Miscelleneous expenses	-	-
	Other administrative expenses	19,787	17,885
	Asset written off	-	1,268
		1,476,541	564,131

		2017	2016
12(a)	**Salaries and wages**		
	Employee benefit expenses (including directors) comprises:	**N'000**	**N'000**
	Wages and salaries	203,346	166,502
	Workmen and staff welfare	13,151	25,216
	Net benefit expenses	13,633	3,343
	Pension cost	21,565	10,571
		251,695	205,632

(b)	**Directors**	**N'000**	**N'000**
	The aggregate emoluments of the Directors were:		
	Fees	400	350
	Other emoluments	-	-
		400	350
		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	6,116	11,112

(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	-
N10,000,001 and above	-	1
	1	1

(c)	**Employees**	**Number**	**Number**
(i)	The average number of persons employed (excluding Directors) in the Company during the year were as follows:		
	Production	67	65
	Sales and marketing	108	106
	Finance and administration	14	12
		189	183

(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	69	114
N1,000,001 - N1,500,000	79	38
N1,500,001 and above	41	31
	189	183

		2017	2016
13	**Finance income**	**N'000**	**N'000**
	Interest on fixed deposit	140,858	18,201

14)	**Loss/profit for the year is arrived at after charging**	**N'000**	**N'000**
	Depreciation of property, plant & equipment (Note 16)	102,654	72,301
	Audit fees	5,500	5,000
	Unrealised loss	818,843	26,101
	And crediting:		
	Exchange gain	947,493	3,799

15)a	**Income tax expense**		
	Current tax expense	**N'000**	**N'000**
	Company income tax	-	232,230
	Education tax	16,790	17,619
	Under provision for corporate taxes	-	63,451
	Total current tax expense	16,790	313,300
	Deferred tax (asset)/liability	(203,883)	77,665
	Total tax (income)/expense	(187,093)	390,965

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 profits for the year are as follows:

	N'000	N'000
(Loss)/profit for the year before tax	(377,470)	766,661
Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2016: 30%)	(113,241)	229,998
Effect of income that is exempt from taxation	(284,248)	(2,180)
Effect of expenses that are not deductible in determining taxable profit	650,412	36,469
Capital allowances	(252,923)	(32,057)
Education tax	16,790	17,619
Deferred tax	(203,883)	77,665
Under provision of income tax	-	63,451
	(187,093)	390,965
Effective rate	0	51%

The charge for taxation in these financial statements is based on the provisions of the Company Income Tax Act, CAP C21 LFN, 2004.

The charge for education tax is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004 which is 2% of the assessable profit for the year.

15)b **Income tax payable**

	2017	2016
Tax as per statement of financial position	**N'000**	**N'000**
Balance at the beginning of the year		
Income tax	265,771	162,661
Education tax	9,413	10,065
	275,184	172,726
Under provision		
Income tax	-	63,451
Payments during the year:		
Income tax	(232,230)	(192,571)
Education tax	(17,619)	(18,271)
Provision for the year:		
Income tax	-	232,230
Education tax	16,790	17,619
Balance at the end of the year	42,125	275,184

15)c **Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2016: 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:

Deferred tax assets	N'000	N'000
Balance at the beginning of year	45,424	(28,690)
Origination of temporary differences	(203,883)	77,665
Tax income/(expenses) recognises in other comprehensive income	5,100	(3,551)
Balance at the end of year	(153,359)	45,424

16) **Property, plant and equipment**

	Leasehold	Leasehold	Furniture	Motor	Plant and		Assets in	
Cost	**Land**	**Improvement**	**and fittings**	**Vehicles**	**Machinery**	**Generator**	**progress**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 April 2015	167,410	114,662	129,150	280,093	341,489	18,456	3,399,385	4,450,645
Additions	-	-	13,887	30,000	-		503,694	547,581
Interest capitalised (Note 22)	-	-	-	-	-	-	57,721	57,721
Asset written off	-	-	(1,940)	-	-	-	-	(1,940)
At 31 March 2016	167,410	114,662	141,097	310,093	341,489	18,456	3,960,800	5,054,007
At 1 April 2016	167,410	114,662	141,097	310,093	341,489	18,456	3,960,800	5,054,007
Additions	-	-	1,182	39,039	65,150	-	1,585,195	1,690,566
Disposals	-	-	-	-	-	-	-	-
Interest capitalised (Note 22)	-	-	-	-	-	-	178,072	178,072
Transfers	3,849,648		1,590		1,872,829		(5,724,067)	-
At 31 March 2017	4,017,058	114,662	143,869	349,132	2,279,468	18,456	-	6,922,645
Accumulated depreciation and impairment								
At 1 Apri 2015	-	114,662	99,084	217,886	152,871	18,456	-	602,959
Charge for the year	-	-	13,683	32,724	25,894	-	-	72,301
Asset written off	-	-	(672)	-	-	-	-	(672)
At 31 March 2016	-	114,662	112,095	250,610	178,765	18,456	-	674,588
At 1 April 2016	-	114,662	112,095	250,610	178,765	18,456		674,588
Charge for the year	27,985	-	10,963	33,947	29,759	-	-	102,654
On disposals		-	-	-	-	-	-	-
At 31 March 2017	27,985	114,662	123,058	284,557	208,524	18,456	-	777,242
Carrying amounts as at:								
31 March 2016	167,410	-	29,002	59,483	162,724	-	3,960,800	4,379,419
31 March 2017	3,989,073	-	20,811	64,574	2,070,944	-	-	6,145,403

The capital work in progress relates to new factory under construction which was capitalised during the year.

17 **Intangible asset**

	Computer **Software** **N'000**
(i) **Cost**	
At 1 April 2015	13,137
Additions	-
At 31 March , 2016	**13,137**
At 1 April 2016	13,137
Additions	-
At 31 March , 2017	**13,137**
(i) **Accumulated amortisation**	
At 1 April 2015	13,137
Additions	-
At 31 March , 2016	**13,137**
At 1 April 2016	13,137
Additions	-
At 31 March , 2017	**13,137**
Carrying amounts as at:	
31 March 2016	-
31 March 2017	-

18a) **Employee benefit plan**

The company has a defined benefit gratuity scheme,which is non contributory and is classified as other employment benefit 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 obligation, the obligation , service cost and actuarial gain (loss) are based on actuarial valuation performed by HR Nigeria Limited.

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).**

	2017	2016
Current service cost	**N'000**	**N'000**
Interest cost on benefit obligation	**11,047**	**9,161**
Interest return on plan assets	**8,241**	**3,856**
Net benefit asseys	(8,476)	**(9,674)**
	10,812	**3,343**

c) **2017 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 2016	Service cost	Interest cost/Income	Sub-total included in profit or loss	Benefit paid	Return on plan(excluding amounts included in net interest expenses	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Sub-total included in OCI	Contribution by employer	31 March 2017
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Defined benefit obligation	(63,863)	(11,047)	(8,241)	(19,288)	1,559		-	15,251	15,251	-	(66,341)
Fair value of plan assets	69,318		8,476	8,476	(1,559)	1,749	-	-	1,749	-	77,984
	5,455	(11,047)	235	(10,812)	-	1,749	-	15,251	17,000	-	11,643

d) **Employee benefit plan**
2016 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 2015	Service cost	Interest Income	Sub-total included in profit or loss	Benefit paid	Return on plan(excluding amounts included in net interest expenses	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Sub-total included in OCI	Contribution by employer	31 March 2016
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Defined benefit obligation	(45,791)	(9,161)	(3,856)	(13,017)	5,427	-	-	(10,482)	(10,482)	-	(63,863)
Fair value of plan assets	66,424		9,674	9,674	(5,427)	(1,353)	-	-	(1,353)	-	69,318
	20,633	(9,161)	5,818	(3,343)	-	(1,353)	-	(10,482)	(11,835)	-	5,455

e) **Employee benefit plan - continued**

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

	2017	2016
	N'000	N'000
Investment quoted in active market		
Treasury bills	1,248	12,287
Bonds issued by Nigerian Government	76,617	25,090
Cash and cash equivalents	119	31,941
	77,984	69,318

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

Financial Assumptions (Long Term Average)	**2017**	**2016**
	%	%
Discount rate (per annum)	16	13
Average pay increase (per annum)	14	12
Average inflation rate (per annum)	12	9

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**	**2017**	**2016**
		N'000	**N'000**
	Raw materials	829,552	271,174
	Work in progress	48,451	12,746
	Finished goods	887,368	549,991
		1,765,371	833,911
	Allowance for obsolete spares and slow moving stock 19(i)	(85,021)	(162,941)
		1,680,350	670,970

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

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

	N'000	**N'000**
Balance at beginning of the year	162,941	253,937
Impairment written off	(77,920)	(90,996)
Allowance for impairment during the year	-	-
Balance at the end of the year	85,021	162,941

20	**Trade and other receivables**		
		N'000	**N'000**
	Trade receivables	827,909	703,924
	Allowance for doubtful debts 20(i)	(49,037)	(49,194)
	Trade receivables - net	778,872	654,730
	Other receivables	106,557	9
	Loans and advances	28,487	17,877
	Prepayment	94,806	406,714
		1,008,722	1,079,330

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

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

	N'000	**N'000**
Balance at beginning of the year	49,194	56,462
Allowance for impairment no longer required	(157)	(7,268)
Allowance for impairment during the year	-	-
Balance at the end of the year	49,037	49,194

Trade receivables represents receivables from customers for goods sold and other trading services rendered to them. Trade receivables are stated at amortised cost as at the statement of financial position date. The movement in the impairment allowance for trade receivables has been included in administrative expenses line in the statement of profit or loss and other comprehensive income.

(ii) *The age analysis of trade receivables is as follows:*	**N'000**	**N'000**
Not due	586,721	408,866
Past due 31- 60days	21,099	110,433
Past due 61-180 days	57,999	57,024
Past due 181-360 days	21,785	31,650
Past due 360 days and above	91,268	46,757
Amount due above 360 days and impaired	49,037	49,194
	827,909	703,924

(iii) **Other receivables**

	2017	2016
	N'000	N'000
Advance to contractors	208,800	208,800
Witholding tax receivables	23,595	19,038
Others	82,962	9,539
	315,357	237,377
Impairment of other receivables (Note 20(iv))	(208,800)	(237,368)
	106,557	9

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

	N'000	N'000
Balance at beginning of the year	237,368	215,768
Allowance for impairment no longer required	(28,568)	-
Allowance for impairment during the year	-	21,600
Balance at the end of the year	208,800	237,368

(v) **Loans and advances**

	N'000	N'000
Staff advance	22,858	23,227
Impairment on loans and advances	5,629	(5,350)
	28,487	17,877

(vi) **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	5,350	5,061
Allowance for impairment no longer required	(15,000)	-
Allowance for impairment during the year	4,021	289
Balance at the end of the year	(5,629)	5,350

(vii) **Prepayments**

	N'000	N'000
Rent	56,550	72,830
Insurance	27,397	9,569
Advertising	534	19,258
Advance to suppliers	10,325	305,057
	94,806	406,714

		2017	2016
21	**Cash and cash equivalents**	**N'000**	**N'000**
	Cash in hand	338	55
	Cash and bank balances	1,195,712	734,687
	Short term investments (Note 21 (i))	1,910,644	1,200,000
		3,106,694	1,934,742

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.

(i) **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**

(i)	**Short term borrowings**	**N'000**	**N'000**
	Long term loan due within one year (Note 22(ii)	1,818,884	766,413
	The movement in long term loan is as follows:	**N'000**	**N'000**
	Balance at the beginning of the year	1,722,813	1,663,972
	Interest capitalised	178,072	57,721
	Exchange loss	843,886	1,120
		2,744,771	1,722,813
	Amount due within one year	(1,818,884)	(766,413)
	Amount due after one year	925,887	956,400

(ii) The company obtained a loan of $8,000,000 from 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 2017

23	**Trade and other payable**	**N'000**	**N'000**
	Trade payables	209,452	350,722
	Amount due to related parties	5,755,150	2,237,872
	Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	5,964,602	2,588,594
	Other payables and accruals (note 23(a))	155,983	56,022
	Total trade and other payables	**6,120,585**	**2,644,616**

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.

		2017	2016
(a)	***Other payables and accruals***	**₦'000**	**₦'000**
	Withholding tax payable	25,419	31,851
	Salary payable	30,300	3,358
	Dividend payable	2,547	2,178
	Pension	113	129
	Incentives and commission payable	18,000	13,350
	Factory relocation provision	23,862	-
	Sundry payable	55,742	5,156
		155,983	56,022

24	**Provisions**	**₦'000**	**₦'000**
	Balance at the beginning	28,023	57,934
	Additions during the year	5,288	-
	Write back during the year	-	(29,911)
		33,311	28,023

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:		
	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 year end	38,951	38,951

27	**Revenue reserves**	**N'000**	**N'000**
	Balance at the beginning of the year	3,274,905	2,907,493
	Dividend declared	(10,000)	-
	(Loss)/profit for the year	(190,377)	375,696
	Transfer from other comprehensive income (Note 27(a))	11,900	(8,284)
	Balance at the end of the year	3,086,428	3,274,905

(a)	Transfer from other comprehensive income	**N'000**	**N'000**
	Gain/(loss) on actuarial valuation	17,000	(11,835)
	Deferred tax	(5,100)	3,551
		11,900	(8,284)

28 **Related Parties Disclosures**

(a) **Transactions with related parties**

The company is a subsidiary of Ranbaxy B.V. Netherlands (RNBV). RNBV holds 52.63% of the ordinary share capital of the company. RNBV is subsidiary of Ranbaxy Laboratories Limited (RLL) of India. Ranbaxy Laboratories Limited holds 32.68% equity interest in Ranbaxy Nigeria. RLL merged with the SUN Pharmaceutical Industry Limited, india with effect from 25 March 2015. 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.

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:

	2017	**2016**
	N'000	**N'000**
Borrowings from Ranbaxy Netherlands BV	2,744,771	1,722,813
Due to related parties for materials purchased	5,755,150	2,237,872
	8,499,921	3,960,685

(i) **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 N2.45 million (2016:N994 million).

The company also has a Technical Know-how Agreement with SUN Pharma. The technical know how - agreement is duly approved by the National Office for Technology Acquisition and Promotion. The fee payable during the year under agreement is computed as a percentage of Net revenue from locally manufactured products. The technical know- how fees for the year amounted to N64million (2016: N51 million)

(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.

	2017 N'000	2016 N'000
Short term employment benefits	-	11,112
Post- employment pension and medical benefits	-	-
Other benefit	-	-
	-	11,112

29 **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:

(i) **Ranbaxy Nigeria Limited and Vindair Eng. PVT. LTD (LD/156GCMW/2015)**

Ranbaxy is claiming the sum of USD 6, 172,180.00 from Vindair for breach of contract to construct claiment factory. Vindair made counterclaims of USD 8,479,410.17 made up of balance for civil works/expenses on the project which worth USD 2,479,410.17 and USD 6,000,000.00 for loss of business. The management is contestig vigorously the counterclaim of the defendant insisting that all payments were made for the stages or work completed. The Vindair lost the arbitration process in India where the sum guaranteed was awarded to Ranbaxy and execution has been levied on Vindair's Indian properties. The opinion of the Solicitirs, the counterclaim will not succeed because from the verified work orders and payments made before the contract was terminated by Ranbaxy for Vindair's foundamental breach of the contract.

(ii) **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.

(iii) **Metro-Hamon Ltd Vs Vindair ENG. PVT Ltd and Ranbaxy India and Ranbaxy Nig. Ltd Vs Metro-Hamon Ltd**

Consent judgment was entered between Metro Hamon and Vindair at Shagamu High Court for USD 169,888.77. Metro Hamon took out garnishee proceedings to enforce payment of the outstanding balance of USD 115,559.76 and joined Ranbaxy as one of the garnishees. The Lagos High Court made the garnishee order absolute on 28/11/2012 by directing Ranbaxy to pay Metro-Harmon USD 115,559.76 or its Naira equivalent at N160/$1 which stand due and owing to the 2nd Judgment Debtor (Ranbaxy India). Management is vigorously contesting the garnishee order on the basis any moneys in its custody belonging to Vindair and Ranbaxy India. Ranbaxy India is not a registered Company in Nigeria or India. The legal opinion of the Company's Solicitors was that Ranbaxy India was not a party to the consent judgment and is not a judgment debtor. The court order that moneys belonging to Ranbaxy India be paid to Metro-Hamon is not enforceable because Ranbaxy India is not a Juristic person and was not a party to the consent judgment. The Company had deposited the sum of N13, 736,350 to the Chief Registrar Ogun State High Court, Shagamu Judiacial Division and had fully provided for the balance in the books

(iv) **Metro-Hamon Ltd and Ranbaxy Nig. Ltd (HCS/224/2014)**

Metro-Hamon claims from Ranbaxy the outstanding sum of N10,989,560.00 due from Vindair to Metro-Hamon in case No. 3 above for participating in the partial construction of Ranbaxy Factory as a sub contractor employed by Vindiar. Management vigorously opposes this claims as Ranbaxy did not enter into any contract with Metro-Hamon. In the opinion of the Solicitors, the claim is bound to fail since there is no privity of contract between Metro-Harmon and Ranbaxy. Metro-Hamon is acting fraudulently having obtained a consent judgment for the same amount against Vindair and also a garnishee order in its favour without disclosing these facts in this new suit.

(v) **Reginald Balonwu Vs Sun Pharma, Dimatts Pharmacy and Ranbaxy Nig. Ltd (NICN/AWK/14/2014)**

Reginald Balonwu was an ex-staff of Ranbaxy is claiming his terminal benefits made up of N1,283,402.39 travel expenses, incentives & salary and N1,000,000.00 for general damages. Management reviewed the claims and found out that the staff was unable to account for Company products in his custody the value of which has been deducted from his terminal benefits leaving an outstanding balance of N257,364.00 as his final entitlements. In the opinion of the Solicitors, from the available records it was agreed that management that only the sum of N257,364.00 is due to the ex-staff. Ranbaxy may be held liable to pay interest on this sum from 2014 to the time of settlement.

(vi) **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.

30 **Capital expenditure**

There were no commitments to capital expenditure at the date of the statement of financial position (2016 : US $0.5million).

31 **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

	2017 N'000	%	2016 N'000	%
Revenue	4,125,356		3,471,793	
Investment income	140,858		18,201	
Other income	962,181		11,503	
	5,228,395		3,501,497	
Bought-in-materials and services:				
Foreign	(5,251,516)		(2,456,903)	
Value (absorbed)/added	**(23,121)**	**(100)**	**1,044,594**	**100**
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	251,695	1,089	205,632	20
To pay Government:				
Taxation	(187,093)	(809)	390,965	38
To provide for maintenance of fixed assets:				
- Depreciation	102,654	444	72,301	7
- (Loss)/profit or loss account	(190,377)	(823)	375,696	36
	(23,121)	**(100)**	**1,044,594**	**100**

RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS, 31 MARCH 2017
OTHER NATIONAL DISCLOSURE
FIVE-YEAR FINANCIAL SUMMARY

	31 March 2017	31 March 2016	31 March 2015	31 December 2014	31 December 2013
Statement of financial position					
Net assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	6,376,746	4,448,737	3,942,800	2,893,241	747,200
Net current (liabilities)/assets	(2,219,139)	(29,194)	700,142	1,182,825	1,711,865
Non-current liabilities	(992,228)	(1,065,687)	(1,656,498)	(1,286,273)	(40,221)
Total assets	3,165,379	3,353,856	2,986,444	2,789,793	2,418,844
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	3,086,428	3,274,905	2,907,493	2,710,842	2,339,893
Total equity	3,165,379	3,353,856	2,986,444	2,789,793	2,418,844
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	4,125,356	3,471,793	3,323,292	3,948,119	3,461,396
(Loss)/profit before taxation	(377,470)	766,661	357,611	545,163	235,796
Taxation	187,093	(390,965)	(165,415)	(164,637)	(84,898)
(Loss)/profit after taxation	(190,377)	375,696	192,196	380,526	150,898