RANBAXY NIGERIA LIMITED
FINANCIAL STATEMENTS
31 MARCH 2016

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

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 2016.

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:

	2016	**2015**
	₦'000	**₦'000**
Revenue	3,471,793	3,323,292
Operating profit	748,460	357,611
Profit before tax	766,661	357,611
Profit after tax	375,696	192,196

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	
	2016	**2015**
Olaogun Badru Atanda	684,104	684,104
Mahendra Bharadwaj (Indian)	-	-
Bhupendra Singh (Indian)	-	-
Samson Yomi Osewa	-	-
Malhotra Ashwani Kumar (Indian)	-	-
Madan Ashish (Indian)	-	-
Banerjee Indrajit (Indian)	-	-
Suresh Reddy (Indian)	-	-
Hanwant Singh Arora (India)	-	-
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
	100.00	**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 2016.

Employment and employees

Employment of physically challenged persons:

The Company does not discriminate in considering applications for employment from physically challenged 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 2016.

Health, safety and welfare at work:

The Company takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performance at all times. The Company also has various forms of insurance policies to adequately secure and protect its employees.

Employees consultation and training:

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. 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
30 May 2016

Statement of Directors' Responsibilities

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 the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, No 6, 2011.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Chief Badru Atanda Olaogun	**Mr. Hanwant Singh Arora**
Chairman	**Managing Director**
30 May 2016	**30 May 2016**

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF RANBAXY NIGERIA LIMITED

We have audited the accompanying financial statements of Ranbaxy Nigeria Limited for the financial year ended 31 March 2016, which comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

2. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

3. Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

4. In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 March 2016 and of its financial performance and cashflows for the year then ended in accordance with International Financial Reporting Standards, 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.

Report on other legal requirements

5. 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.

Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants

Lagos, Nigeria
30 May 2016

RANBAXY NIGERIA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 N'000	2015 N'000
Revenue	8	3,471,793	3,323,292
Cost of sales	9	(1,827,084)	(1,772,786)
Gross profit		1,644,709	1,550,506
Other operating income	10	11,503	3,947
Selling & distribution expenses	11	(343,621)	(324,270)
Administrative expenses	12	(564,131)	(872,572)
Profit from operating activities		748,460	357,611
Finance income	13	18,201	-
Finance costs	13	-	-
Net finance income		18,201	-
Profit before taxation	14	766,661	357,611
Taxation	15(a)	(390,965)	(165,415)
Profit after tax for the year		375,696	192,196
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement (loss)/gain on defined benefit plan	18	(11,835)	6,364
Income tax effect		3,551	(1,909)
Items that will be reclassified to profit or loss		-	-
Other comprehensive (loss)/income for the year, net of tax		(8,284)	4,455
Total comprehensive income for the year		367,412	196,651

The accompanying notes on pages 7 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2016

	Notes	2016	2015
Non-current assets		**N'000**	**N'000**
Property, plant and equipment	16	4,379,419	3,847,686
Intangible assets	17	-	-
Employee defined benefit asset	18(e)	69,318	66,424
Deferred tax asset	15(c)	-	28,690
Total non-current assets		4,448,737	3,942,800
Current assets			
Inventory	19	670,970	856,606
Trade and other receivables	20	1,079,330	1,542,515
Cash and cash equivalents	21	1,934,742	457,371
		3,685,042	2,856,492
Current liabilities			
Short term borrowings	22(i)	766,413	(53,265)
Trade and other payables	23	2,644,616	1,872,425
Provisions	24	28,023	57,934
Taxation	15(b)	275,184	172,726
		3,714,236	2,049,820
Net current(liabilities)/assets		(29,194)	806,672
Total assets less current liabilities		4,419,543	4,749,472
Non-current liabilities			
Long term borrowings	22(ii)	956,400	1,610,707
Employment benefits obligation	18	63,863	45,791
Deferred tax liability	15c	45,424	-
		1,065,687	1,656,498
Net assets		3,353,856	3,092,974
Equity			
Share capital	25	40,000	40,000
Share premium	26	38,951	38,951
Revenue reserve	27	3,274,905	2,907,493
Total equity		3,353,856	2,986,444

The financial statements and notes on pages 3 to 37 were approved by the Board of directors on 30 May 2016 and signed on its behalf by:

(i) Chief Badru Atanda Olaogun (Life Bencher)	))	**Chairman**
(ii) Mr. Hanwant Singh Arora	))	**Managing Director**
(iii) Mr. Gunakesh Kumar	)	**Finance Controller**

The accompanying notes on pages 7 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Share capital	Share premium	Retained earnings	Total equity
	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

	N'000	N'000	N'000	N'000
Balance at 1 April 2014	40,000	38,951	2,710,842	2,789,793
Comprehensive Income for the year				
Profit for the year	-	-	192,196	192,196
Other comprehensive income:				
Remeasurement gain on defined benefit plan	-	-	4,455	4,455
Total comprehensive income for the year	-	-	196,651	196,651
Contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2015	40,000	38,951	2,907,493	2,986,444

The accompanying notes on pages 7 to 35 and other national disclosures on pages 36 and 37 form an integral part of these financial statements.

Auditors' report, pages 1 and 2

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH,2016

	Notes	2016	2015
Cash flows from operating activities		**N'000**	**N'000**
Profit after taxation		375,696	192,196
Adjustments for:			
Depreciation of property, plant and equipment	16	72,301	95,356
Amortisation of intangible assets	17	-	2,215
Finance income	13	(18,201)	-
Gains on disposal of property, plant and equipment	10	-	(3,470)
Asset written off		1,268	-
Employee costs under defined benefit plan		3,343	4,242
Exchange difference on interest bearing loan		1,120	350,694
Income tax expense	15(a)	390,965	165,415
		826,492	806,648
Decrease in inventory		185,636	146,505
Decrease in trade and other receivables		463,185	73,967
Increase in trade and other payables		772,191	533,324
(Decrease)/increase in provisions		(29,911)	1,662
Cash generated by operations		2,217,593	1,562,106
Tax paid	15(b)	(210,842)	(153,557)
Net cashflow from operating activities		2,006,751	1,408,549
Cash flows from investing activities			
Additions to property, plant and equipment	16	(547,581)	(1,082,724)
Finance income	13	18,201	-
Proceeds from disposal of property, plant and equipment		-	3,470
Net cash outflow from investing activities		(529,380)	(1,079,254)
Cash flows from financing activities			
Dividend paid		-	(74)
Net cash outflow from financing activities		-	(74)
Net increase in cash and cash equivalents		**1,477,371**	**329,221**
Cash and cash equivalents at the beginning of the year		457,371	128,150
Cash and cash equivalents at the end of the year	21	1,934,742	457,371

The accompanying notes on pages 7 to 35 and other national disclosures on pages 36 and 37 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 30 May 2016.

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 2016. They have not been adopted in preparing the financial statements for the year ended 31 March 2016 and are 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 Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
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.

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.

Non -monetary items that are measured in terms of cost in a foreign currency are translated using the exchange rate at the end of the period.

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 briging 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 weigted 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:

	2016 N'000	2015 N'000
Trade receivables (Note 20)	654,730	653,364
Cash and cash equivalents (Note 21)	1,934,742	457,371
	2,589,472	1,110,735

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	242,266
Zenith Bank Plc	187,865	203,377
Stanbic IBTC Bank Plc	4,992	-
Standard chartered Bank Limited	1,049	1,049
Wema Bank Plc	39,061	9,816
	734,687	456,508

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 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

As at 31 March 2015

	Book value	Contractual cashflow	One year or less	1-5 years
	N'000	N'000	N'000	N'000
Borrowings	1,557,442	1,663,975	(53,265)	622,303
Trade and other payables	1,872,425	1,872,425	1,872,425	-
	3,429,867	3,536,400	1,819,160	622,303

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 following demonstrates the sensitivity to a reasonably possible change in US dollar exchange rate with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives). the company exposure to foreign currency changes for all other currencies is not material.

Exposure to currency risk

The company's transactional exposure to US dollar was based on the closing amount as follows:

	2016	2015
	USD'000	USD'000
Financial asset		
Cash and cash equivalent	79	101
Financial liabilities		
Borrowings	(8,646)	(8,361)
Trade payables	(11,231)	(5,673)
Net statement of financial position exposure	(19,798)	(13,933)

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
2016	+/-1	577	(577)
2015	+/-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 2016 and at 31 March 2015 were as follows:

	2016	**2015**
	N'000	**N'000**
Trade and other payables	2,644,616	1,872,425
Borrowings	1,722,813	1,557,442
Less: cash and cash equivalents	(1,934,742)	(457,371)
Net debt	2,432,687	2,972,496
Total equity	3,353,856	2,986,444
Debt to adjusted capital ratio (%)	73%	100%

		2016	2015
8)	**Revenue**	**N'000**	**N'000**
	Sales	3,471,793	3,323,292
9)	**Cost of sales**	**N'000**	**N'000**
	Cost of sales	1,827,084	1,772,786
10)	**Other operating income**	**N'000**	**N'000**
	This comprises:		
	Profit on disposal of property, plant and equipment	-	3,470
	Write back of impairment provision	7,268	-
	Realised foreign exchange gain	3,799	-
	Sale of scrap	436	477
		11,503	3,947
11)	**Selling and distribution expenses**	**N'000**	**N'000**
	Selling and promotion expenses	284,701	267,440
	Distribution charges	57,658	55,738
	Others	1,262	1,092
		343,621	324,270
12)	**Administrative expenses**	**N'000**	**N'000**
	Salaries and wages (Note 12(a))	205,632	200,570
	Depreciation and amortisation	72,301	97,572
	Audit fee	5,000	12,500
	Professional fees	8,110	17,568
	Transport and travelling expenses	6,450	6,668
	Rent	80,597	71,504
	Repairs and maintenance	16,740	18,310
	Technical know-how expenses	50,866	51,523
	Foreign exchange loss - unrealised	26,101	59,364
	Foreign exchange loss - realised	-	263,650
	Security services	2,995	5,536
	Regulatory expenses	10,741	15,167
	Electricity	4,289	4,601
	Impairment of trade receivables (Note 20(i))	-	6,726
	Impairment allowance on other receivables (Note 20(iv))	21,600	2,262
	Impairment allowance on loan and advances (Note 20(vi))	289	-
	Training	976	923
	Directors fees	350	350
	Bank charges	2,549	1,652
	Insurance	6,083	6,700
	Printing, stationery and communication	19,378	14,715
	Gift and entertainment	3,931	1,262
	Other administrative expenses	17,885	13,449
	Asset written off	1,268	-
		564,131	872,572

12(a) **Salaries and wages**

Employee benefit expenses (including directors) comprises:	**2016 N'000**	**2015 N'000**
Wages and salaries	166,502	158,735
Workmen and staff welfare	25,216	25,413
Net benefit expenses	3,343	4,242
Pension cost	10,571	12,180
	205,632	200,570

(b) **Directors**

The aggregate emoluments of the Directors were:	**N'000**	**N'000**
Fees	350	350
Other emoluments	-	-
	350	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	11,112	15,705

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

(c) **Employees**

(i) The average number of persons employed (excluding Directors) in the Company during the year were as follows:

	Number	**Number**
Production	65	64
Sales and marketing	106	110
Finance and administration	12	13
	183	187

(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	114	123
N1,000,001 - N1,500,000	38	45
N1,500,001 and above	31	19
	183	187

		2016	2015
13	**Finance income**	**N'000**	**N'000**
	Interest on fixed deposit	18,201	-

14)	**Profit for the year is arrived at after charging**	**N'000**	**N'000**
	Depreciation of property, plant & equipment (Note 16)	72,301	97,572
	Audit fees	5,000	12,500
	Realised loss	-	263,650
	Unrealised loss	26,101	59,364
	And crediting:		
	Exchange gain	3,799	-

15)a	**Income tax expense**		
	Current tax expense	**N'000**	**N'000**
	Company income tax	232,230	131,055
	Education tax	17,619	10,065
	Under provision for corporate taxes	63,451	29,785
	Total current tax expense	313,300	170,905
	Deffered tax laibility/asset	77,665	(5,490)
	Total tax expense	390,965	165,415

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
Profit for the year before tax	766,661	357,611
Expected tax charge based on the standard rate on Nigeria corporate tax at the domestic rate of 30% (2015: 30%)	229,998	107,283
Effect of income that is exempt from taxation	(2,180)	(37,528)
Effect of expenses that are not deductible in determining taxable profit	36,469	55,810
Capital allowances	(32,057)	-
Education tax	17,619	10,065
Deffered tax	77,665	-
Under provision of income tax	63,451	29,785
	390,965	165,415
Effective rate	51%	46%

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**

	2016	2015
Tax as per statement of financial position	**N'000**	**N'000**
Balance at the beginning of the year		
Income tax	162,661	155,378
Education tax	10,065	-
	172,726	155,378
Under provision		
Income tax	63,451	29,785
Payments during the year:		
Income tax	(192,571)	(153,557)
Education tax	(18,271)	-
Provision for the year:		
Income tax	232,230	131,055
Education tax	17,619	10,065
Balance at the end of the year	275,184	172,726

15)c **Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2015: 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	28,690	25,109
Origination of temporary differences	(77,665)	5,490
Tax expenses recognises in other comprehensive income	3,551	(1,909)
Balance at the end of year	(45,424)	28,690

16) **Property, plant and equipment**

Cost	**Leasehold Land N'000**	**Leasehold Improvement N'000**	**Furniture and fittings N'000**	**Motor Vehicles N'000**	**Plant and Machinery N'000**	**Generator N'000**	**Assets in progress N'000**	**Total N'000**
At 1 April 2014	167,410	114,662	118,313	335,588	338,479	18,456	2,277,737	3,370,645
Additions	-	-	11,331	-	3,010		1,068,383	1,082,724
Interest capitalised (Note 22)	-	-	-	-	-	-	53,265	53,265
Disposals	-	-	(494)	(55,495)	-			(55,989)
At 31 March 2015	167,410	114,662	129,150	280,093	341,489	18,456	3,399,385	4,450,645
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
Disposals	-	-	-	-	-		-	-
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
Accumulated depreciation and impairment								
At 1 Apri 2014	-	111,865	87,169	224,013	122,695	17,850	-	563,592
Charge for the year	-	2,797	12,409	49,368	30,176	606	-	95,356
On disposals	-	-	(494)	(55,495)	-	-	-	(55,989)
At 31 March 2015	-	114,662	99,084	217,886	152,871	18,456	-	602,959
At 1 April 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
On disposals		-	-	-	-	-	-	-
Asset written off	-	-	(672)	-	-	-	-	(672)
At 31 March 2016	-	114,662	112,095	250,610	178,765	18,456	-	674,588
Carrying amounts as at:								
31 March 2015	167,410	-	30,066	62,207	188,618	-	3,399,385	3,847,686
31 March 2016	167,410	-	29,002	59,482	162,724	-	3,960,800	4,379,419

The capital work in progress relates to new factory under construction as at the period end.

17 Intangible asset

	Computer **Software** **N'000**
(i) **Cost**	
At 1 April 2014	13,137
Additions	-
At 31 March , 2015	**13,137**
At 1 April 2015	13,137
Additions	-
At 31 March , 2016	**13,137**
(i) **Accumulated amortisation**	
At 1 April 2014	10,922
Additions	2,215
At 31 March , 2015	**13,137**
At 1 April 2015	13,137
Additions	-
At 31 March , 2016	**13,137**
Carrying amounts as at:	
31 March 2015	-
31 March 2016	-

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 mangement aim to invest mainly in fixed income securities including government bonds.

The mangement is of the view that the plan asset would not expose the company to any form of risk as about 54% 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).**

	2016	2015
Current service cost	**N'000**	**N'000**
Interest cost on benefit obligation	**9,161**	**7,018**
Interest return on plan assets	**3,856**	**5,465**
Net benefit asseys	(9,674)	**(8,241)**
	3,343	**4,242**

c) **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 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	1 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

d) **Employee benefit plan**
2015 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 2014	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	1 March 2015
	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	(40,353)	(7,018)	(5,465)	(12,483)	2,246	-	-	4,799	4,799	-	(45,791)
Fair value of plan assets	58,864		8,241	8,241	(2,246)	1,565	-	-	1,565	-	66,424
	18,511	(7,018)	2,776	(4,242)	-	1,565	-	4,799	6,364	-	20,633

e) **Employee benefit plan - continued**

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

	2016 N'000	2015 N'000
Investment quoted in active market		
Treasury bills	12,287	26,889
Bonds issued by Nigerian Government	25,090	37,112
Cash and cash equivalents	31,941	2,423
	69,318	66,424

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

Financial Assumptions (Long Term Average)	**2016** %	**2015** %
Discount rate (per annum)	15	15
Average pay increase (per annum)	12	12
Average inflation rate (per annum)	9	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 t0 30	2.0	2.0
31 - 39	1.5	1.5
40 - 44	1.0	1.0
44 - 50	0	0

19 **Inventories**

	2016	2015
	N'000	N'000
Raw materials	271,174	448,802
Work in progress	12,746	9,653
Finished goods-	549,991	647,851
Consumables	-	4,237
	833,911	1,110,543
Provision for obsolete spares and slow moving	(162,941)	(253,937)
	670,970	856,606

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

20 **Trade and other receivables**

	N'000	N'000
Trade receivables	703,924	709,826
Allowance for doubtful debts 20(i)	(49,194)	(56,462)
Trade receivables - net	654,730	653,364
Other receivables	9	58,521
Loans and advances	17,877	9,980
prepayment	406,714	820,650
	1,079,330	1,542,515

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	56,462	49,736
Allowance for impairment no longer required	(7,268)	-
Allowance for impairment during the year	-	6,726
Balance at the end of the year	49,194	56,462

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	408,866	325,085
Past due 31- 60days	110,433	188,573
Past due 61-180 days	57,024	65,124
Past due 181-360 days	31,650	23,589
Past due 360 days and above	46,757	50,993
Amount due above 360 days and impaired	49,194	56,462
	703,924	709,826

(iii) **Other receivables**	**2016**	**2015**
	N'000	**N'000**
Advance to contractors	208,800	208,800
Witholding tax receivables	19,038	55,653
Others	9,539	9,836
	237,377	274,289
Impairment of other receivables (Note 20(iv))	(237,368)	(215,768)
	9	58,521

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

	N'000	**N'000**
Balance at beginning of the year	215,768	213,506
Allowance for impairment during the year	21,600	2,262
Balance at the end of the year	237,368	215,768

(v) **Loans and advances**	**N'000**	**N'000**
Staff advance	23,227	15,041
Impairment on loans and advances	(5,350)	(5,061)
	17,877	9,980

(vi) **Movement in impairment on loan and advances**

As at 31 March 2016, the impairment allowance for loan and advances was N5,350,000 (2015: N5,061,000. The movements in the allowance for impairment is as follows:

	N'000	**N'000**
Balance at beginning of the year	5,061	5,097
Allowance for impairment no longer required	-	(36)
Allowance for impairment during the year	289	-
Balance at the end of the year	5,350	5,061

(vii) **Prepayments**	**N'000**	**N'000**
Rent	72,830	111,114
Insurance	9,569	17,609
Advertising	19,258	94,779
Advance to suppliers	305,057	597,148
	406,714	820,650

Advance to suppliers are with respect to advance payments made to vendors in relation to the on- going new factory under construction.

21	**Cash and cash equivalents**	**2016**	**2015**
		N'000	**N'000**
	Cash in hand	55	863
	Cash and bank balances	734,687	456,508
	Short term investments (Note 21 (i))	1,200,000	-
		1,934,742	457,371

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. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as above.

(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)	766,413	53,265

	The movement in long term loan is as follows:	**N'000**	**N'000**
	Balance at the beginning of the year	1,663,972	1,260,013
	Interest capitalised	57,721	53,265
	Exchange loss	1,120	350,694
		1,722,813	1,663,972
	Amount due within one year	(766,413)	(53,265)
	Amount due after one year	956,400	1,610,707

(ii) The company obtained a loan of $8,000,000 from Ranbaxy Neitherlands 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 2016

23	**Trade and other payable**	**N'000**	**N'000**
	Trade payables	350,722	430,487
	Amount due to related parties	2,237,872	1,390,411
	Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	2,588,594	1,820,898
	Other payables and accruals (note 23(a))	56,022	51,527
	Total trade and other payables	**2,644,616**	**1,872,425**

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.

		2016	2015
(a)	*Other payables and accruals*	₦'000	₦'000
	Withholding tax payable	31,851	29,345
	Salary payable	3,358	12,135
	Dividend payable	2,178	2,178
	Pension	129	6,474
	Incentives and commission payable	13,350	-
	Sundry payable	5,156	1,395
		56,022	51,527

24	**Provisions**	₦'000	₦'000
	Balance at the beginning	57,934	56,272
	Additions during the year	-	1,662
	write back during the year	(29,911)	-
		28,023	57,934

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	2,907,493	2,710,842
	Profit for the year	375,696	192,196
	Transfer from other comprehensive income (Note 27(a))	(8,284)	4,455
	Balance at the end of the year	3,274,905	2,907,493

(a)	Transfer from other comprehensive income	N'000	N'000
	(Loss)/gain on actuarial valuation	(11,835)	6,364
	Deferred tax	3,551	(1,909)
		(8,284)	4,455

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 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.

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:

	2016	2015
	N'000	N'000
Borrowings from Ranbaxy Netherlands BV	1,722,813	1,663,972
Due to related parties for materials purchased	2,237,872	1,390,411
	3,960,685	3,054,383

(i) **Identity of related parties**

The related parties to the Company include:

SUN Pharceutical 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 N994 million (2015:N886 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 N51million (2015: N51 million)

(b) **Transactions with key management personnel**

Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the Company.

There is no any key management personnel compensation in the category of post employment benefits, other long term benefits,terminal benefits, and share-based payment for the periods under review.

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

(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.

	2016	**2015**
	N'000	**N'000**
Short term employment benefits	11,112	15,705
Post- employment pension and medical benefits	-	-
Other benefit	-	-
	11,112	15,705

29 **Contingent liabilities**

The company is engaged in a law suit instituted by a former employee of the Company. Total claim against the Company and in respect of the litigation amounted to N15million excluding interest on this amount on a compounded basis from the date the claim was filed till the date it is concluded. Based on legal advise received from the company's solicitors, the directors believed that the Company is not likely to suffer any material loss on conclusion of the litigation. Consequently, no provision has been made in these financial statements (2015: Nill)

30 **Capital expenditure**

There were no commitments to capital expenditure at the date of the statement of financial position (2015 : 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.

OTHER NATIONAL DISCLOSURE -
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 MARCH 2016

	2016 N'000	%	2015 N'000	%
Revenue	3,471,793		3,323,292	
Investment income	18,201		-	
Other income	11,503		3,947	
	3,501,497		3,327,239	
Bought-in-materials and services:				
Foreign	(2,456,903)		(2,671,486)	
Value added	**1,044,594**	**100**	**655,753**	**100**
Applied as follows:				
To pay employees:				
Salaries, wages and other benefits	205,632	20	200,570	31
To pay Government:				
Taxation	390,965	37	165,415	25
To pay providers of capital:				
Finance charges	-	-	-	-
To provide for maintenance of fixed assets:				
- Depreciation	72,301	7	97,572	15
- Profit or loss account	375,696	36	192,196	29
	1,044,594	**100**	**655,753**	**100**

RANBAXY NIGERIA LIMITED
OTHER NATIONAL DICLOSURE -
FIVE-YEAR FINANCIAL SUMMARY

	31 March 2016	31 March 2015	31 March 2014	31 December 2012	31 December 2011
Statement of financial position					
Net assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	4,448,737	3,942,800	2,893,241	747,200	401,860
Net current assets	(29,194)	806,672	1,182,825	1,711,865	1,911,675
Non-current liabilities	(1,065,687)	(1,656,498)	(1,286,273)	(40,221)	(29,589)
Total assets	3,353,856	3,092,974	2,789,793	2,418,844	2,283,946
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	3,274,905	2,907,493	2,710,842	2,339,893	2,204,995
Shareholders' funds	3,353,856	2,986,444	2,789,793	2,418,844	2,283,946
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	3,471,793	3,323,292	3,948,119	3,461,396	3,480,232
Profit before taxation	766,661	357,611	545,163	235,796	467,008
Taxation	(390,965)	(165,415)	(164,637)	(84,898)	(150,274)
Profit after taxation	375,696	192,196	380,526	150,898	316,734