Ranbaxy South Africa Proprietary Limited and its subsidiary (Registration number 1993/001413/07)
Financial statements
for the 15 months ended 31 March 2014

General Information

Country of incorporation and domicile
South Africa
Directors
A Madan
R Chakravarti M Bharadwaj DW Brothers R Gulati

Registered office
121 Boshoff Street New Muckleneuk Pretoria

Business address
Ground Floor - Tugela House Riverside Office Park
1303 Heuwel Avenue Centurion

Postal address
P O Box 1470
Pretoria 0001

Holding company
Ranbaxy Netherlands BV

Ultimate holding company
Daiichi Sankyo Co. Limited incorporated in Japan

Auditors
PricewaterhouseCoopers Inc.

Secretary
Grant Thornton

Company registration number
1993/001413/07

Level of assurance
These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Preparer
The financial statements were independently compiled under the supervision of:
PI Heslinga CA (SA)

Published

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The reports and statements set out below comprise the financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial 15 months and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the 12 months to 31 March 2015 and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 6 to 7.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the board of directors. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The financial statements and additional schedules set out on pages 8 to 41, and the directors report on pages 4 to 5, which have been prepared on the going concern basis, were approved by the directors on 05 May 2014 and were signed on its behalf by:

A Madan **DW Brothers**

The directors submit their report for the 15 months ended 31 March 2014.

1. Review of activities

Main business and operations

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net loss of the group was R 11,221,420 INR 67,315,057 (2012: R 30,001,501 profit INR 195,449,518 profit), after taxation of R 2,428,370 INR 14,567,307 (2012: R 10,696,465 INR 69,683,811).

Net loss of the group was R 12,175,069 INR 73,035,807 (2012: R 26,689,672 profit INR 173,874,085 profit), after taxation of R 2,799,234 INR 16,792,046(2012: R 10,379,318 INR 67,617,707).

Registered office
121 Boshoff Street New Muckleneuk Pretoria
Ground Floor - Tugela House Riverside Office Park
Business address
1303 Heuwel Avenue Centurion

Postal address
P O Box 1470 Pretoria

2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial 15 months that would have an impact on its financial position as at 31 March 2014.

4. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the group during the 15 months under review.

5. Dividends

No dividends were declared or paid to the shareholders during the 15 months.

6. Directors

The directors of the company during the 15 months and to the date of this report are as follows:

Name
A Madan
R Chakravarti M Bharadwaj DW Brothers R Gulati

7. Secretary
The secretary of the company is Grant Thornton of: Business address
First Floor
Tugela House
Riverside Office Park 1303 Heuwel Avenue Centurion

Registered address
121 Boshoff Street New Muckleneuk 0181

8. Holding company

The company's holding company is Ranbaxy Netherlands BV incorporated in the Netherlands.

9. Ultimate holding company

The company's ultimate holding company is Daiichi Sankyo Co. Limited incorporated in Japan.

10. Auditors

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa.

11. Change in financial year end

The company changed its financial year end from December to March during the current year, resulting in a 15 month reporting period.

Independent Auditor's Report

To the Shareholders of Ranbaxy South Africa Proprietary Limited and its subsidiary

Directors' Responsibility for the Financial Statements

PricewaterhouseCoopers Inc. Partner

Leon de Wet Additional description Additional description

5-May-14

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RANBAXY SOUTH AFRICA PROPRIETARY LIMITED AND ITS SUBSIDIARY

We have audited the consolidated and separate financial statements Ranbaxy South Africa Proprietary Limited set out on pages 6 to 41, which comprise the statements of financial position as at 31 March 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ranbaxy South Africa Proprietary Limited as at 31 March 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the Directors' Report, for the purpose of identifying whether there are material inconsistencies between this report and the audited consolidated and separate financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated and separate financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Director: Leon de Wet
Registered Auditor
Sunninghills
5 May 2014

Statement of Financial Position as at 31 March 2014

	Notes	Group		Company	
		15 months ended 31 March 2014 R	12 months ended 31 December 2012 R	15 months ended 31 March 2014 R	12 months ended 31 December 2012 R
Assets					
Non-Current Assets					
Property, plant and	6	24,056,125	18,212,699	2,951,096	2,688,257
Investments in sub	7	-	-	905,342	342
Deferred income ta	9	5,890,133	2,131,357	4,646,229	956,542
Related party recei	11	-	127,825,130	-	58,422,396
		29,946,258	**148,169,186**	**8,502,667**	**62,067,537**
Current Assets					
Inventories	12	68,662,532	96,468,946	50,632,148	57,799,865
Current income tax receivabl		2,486,047	2,116,619	-	453,498
Trade and other re	13	259,095,945	145,944,585	170,441,043	126,583,309
Cash and cash equ	14	33,756,006	88,966,329	18,311,773	30,417,604
		364,000,530	**333,496,479**	**239,384,964**	**215,254,276**
Total Assets		**393,946,788**	**481,665,665**	**247,887,631**	**277,321,813**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	15	17,511,923	17,511,923	17,511,923	17,511,923
Reserves		-211,831	-	-	-
Retained income		87,703,957	99,211,472	89,018,675	101,193,744
		105,004,049	116,723,395	106,530,598	118,705,667
Non-controlling interest		4,157,601	4,564,675	-	-
		109,161,650	**121,288,070**	**106,530,598**	**118,705,667**
Liabilities					
Non-Current Liabilities					
Loans from group c	8	11,059,590	11,124,795	-	-
Current Liabilities					
Current income tax payable		266,114	-	266,114	-
Trade and other pa	16	273,459,434	349,252,800	141,090,919	158,616,146
		273,725,548	**349,252,800**	**141,357,033**	**158,616,146**
Total Liabilities		**284,785,138**	**360,377,595**	**141,357,033**	**158,616,146**
Total Equity and Liabilities		**393,946,788**	**481,665,665**	**247,887,631**	**277,321,813**

	Notes	Group		Company	
		15 months ended 31 March 2014 INR	12 months ended 31 December 2012 INR	15 months ended 31 March 2014 INR	12 months ended 31 December 2012 INR
		0.1776	0.1549	0.1776	0.1549
Assets					
Non-Current Assets					
Property, plant and	6	135,451,154	117,577,140	16,616,532	17,354,790
Investments in sub	7	-		5,097,646	2,208
Deferred income ta	9	33,165,163	13,759,567	26,161,199	6,175,223
Related party recei	11	-	825,210,652		377,162,014
		168,616,318	**956,547,360**	**47,875,377**	**400,694,235**
Current Assets					
Inventories	12	386,613,356	622,782,092	285,090,923	373,143,092
Current income tax receivabl		13,998,012	13,664,422	-	2,927,682
Trade and other re	13	1,458,873,564	942,185,830	959,690,557	817,193,731
Cash and cash equ	14	190,067,601	574,346,862	103,106,830	196,369,296
		2,049,552,534	**2,152,979,206**	**1,347,888,311**	**1,389,633,802**
Total Assets		**2,218,168,851**	**3,109,526,566**	**1,395,763,688**	**1,790,328,037**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	15	113,787,674	113,787,674	113,787,674	113,787,674
Reserves		-1,192,742	-	-	-
Retained income		576,027,845	645,059,129	584,945,309	657,981,116
FCTR on Conversion		-101,544,905	-5,595,768	-98,898,534	-5,431,365
		587,077,872	**753,251,034**	**599,834,448**	**766,337,424**
Non-controlling interest		27,571,058	29,757,810	-	-
		614,648,930	**783,008,844**	**599,834,448**	**766,337,424**
Liabilities					
Non-Current Liabilities					
Loans from group c	8	**62,272,466**	**71,819,206**	**-**	**-**
		-	-	-	-
Current Liabilities		-	-	-	-
Current income tax payable		1,498,390	-	1,498,390	-
Trade and other pa	16	1,539,749,065	2,254,698,515	794,430,850	1,023,990,613
		1,541,247,455	**2,254,698,515**	**795,929,240**	**1,023,990,613**
Total Liabilities		**1,603,519,921**	**2,326,517,721**	**795,929,240**	**1,023,990,613**
Total Equity and Liabilities		**2,218,168,851**	**3,109,526,566**	**1,395,763,688**	**1,790,328,037**

Statement of Profit and Loss Other Comprehensive Income for 15 months ended 31 March 2014

	Notes	15 months ended 31 March 2014	12 months ended 31 December 2012	15 months ended 31 March 2014	12 months ended 31 December 2012
		R	R	R	R
Revenue	17	667,705,963	679,514,293	296,988,997	265,313,605
Cost of sales		(512,564,597)	(514,564,653)	(177,540,032)	(166,889,481)
Gross profit		**155,141,366**	**164,949,640**	**119,448,965**	**98,424,124**
Other income		716,764	3,403,243	716,764	21,916,588
Operating expenses	18	(168,642,348)	(130,211,133)	(138,320,777)	(87,359,519)
Operating (loss)/profit		**(12,784,218)**	**38,141,750**	**(18,155,048)**	**32,981,193**
Finance income	19	174,018	3,403,503	3,180,745	4,087,797
Finance costs	20	(1,039,590)	(847,287)	-	-
(Loss)/profit before taxation		**(13,649,790)**	**40,697,966**	**(14,974,303)**	**37,068,990**
Income tax	21	2,428,370	(10,696,465)	2,799,234	(10,379,318)
(Loss)/profit for the period		**(11,221,420)**	**30,001,501**	**(12,175,069)**	**26,689,672**
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income		**(11,221,420)**	**30,001,501**	**(12,175,069)**	**26,689,672**
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(11,507,515)	24,225,325	(12,175,069)	26,689,672
Non-controlling interest		286,095	5,776,176	-	-
		(11,221,420)	**30,001,501**	**(12,175,069)**	**26,689,672**

Statement of Profit and Loss Other Comprehensive Income for 15 months ended 31 March 2014

	Notes	GROUP		COMPANY	
		15 months ended 31 March 2014	12 months ended 31 December 2012	15 months ended 31 March 2014	12 months ended 31 December 2012
		INR	INR	INR	INR
		0.1667	0.1535	0.1667	0.1535
Revenue	17	4,005,434,691	4,426,803,212	1,781,577,666	1,728,427,394
Cost of sales		(3,074,772,627)	(3,352,212,723)	(1,065,027,187)	(1,087,227,889)
Gross profit		**930,662,064**	**1,074,590,489**	**716,550,480**	**641,199,505**
Other income		4,299,724	22,170,964	4,299,724	142,779,075
Operating expenses	18	(1,011,651,758)	(848,280,997)	(829,758,710)	(569,117,388)
Operating (loss)/profit		**(76,689,970)**	**248,480,456**	**(108,908,506)**	**214,861,192**
Finance income	19	1,043,899	22,172,658	19,080,654	26,630,599
Finance costs	20	(6,236,293)	(5,519,785)	-	-
(Loss)/profit before taxation		**(81,882,364)**	**265,133,329**	**(89,827,852)**	**241,491,792**
Income tax	21	14,567,307	(69,683,811)	16,792,046	(67,617,707)
(Loss)/profit for the period		**(67,315,057)**	**195,449,518**	**(73,035,807)**	**173,874,085**
Other comprehensive income				-	-
Total comprehensive (loss)/income		**(67,315,057)**	**195,449,518**	**(73,035,807)**	**173,874,085**
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(69,031,284)	157,819,707	(73,035,807)	173,874,085
Non-controlling interest		1,716,227	37,629,811	-	-
		(67,315,057)	**195,449,518**	**(73,035,807)**	**173,874,085**

Ranbaxy South Africa Proprietary Limited and its subsidiary (Registration number 1993/001413/07)
Financial Statements for the 15 months ended 31 March 2014

Statement of Changes in Equity as at 31 March 2014

	Share capital	Share premium	Total share capital	Common Control Reserve	Retained income	Total attributable to equity holders of the group / company	Non- controlling interest	Total equity
	R	R	R	R	R	R	R	R
Group								
Balance at 01 January 2012	**361,917**	**17,150,006**	**17,511,923**	**-**	**74,986,147**	**92,498,070**	**(1,211,501)**	**91,286,569**
Profit for the 12 months		-	-	-	24,225,325	24,225,325	5,776,176	30,001,501
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the 12 m	**-**	**-**	**-**	**-**	**24,225,325**	**24,225,325**	**5,776,176**	**30,001,501**
Balance at 01 January 2013	**361,917**	**17,150,006**	**17,511,923**	**-**	**99,211,472**	**116,723,395**	**4,564,675**	**121,288,070**
Loss for the 15 months	-	-	-	-	(11,507,515)	(11,507,515)	286,095	(11,221,420)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive Loss for the 15 mon	**-**	**-**	**-**	**-**	**(11,507,515)**	**(11,507,515)**	**286,095**	**(11,221,420)**
Increase in investment in subsidiary	-	-	-	(211,831)	-	(211,831)	(693,169)	(905,000)
Total contributions by and distributions to	**-**	**-**	**-**	**(211,831)**	**-**	**(211,831)**	**(693,169)**	**(905,000)**
Balance at 31 March 2014	**361,917**	**17,150,006**	**17,511,923**	**(211,831)**	**87,703,957**	**105,004,049**	**4,157,601**	**109,161,650**
Note	15	15	15					

	Share capital	Share premium	Total share capital	Common Control Reserve	Retained income	Total attributable to equity holders of the group / company	Non- controlling interest	Total equity
	INR	INR	INR	INR	INR	INR	INR	INR
Group								
Balance at 01 January 2012	2,037,821	96,565,349	98,603,170	-	422,219,296	520,822,466	(6,821,515)	514,000,952
Profit for the 12 months	-	-	-	-	136,403,857	136,403,857	32,523,514	168,927,370
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the 12 m	**2,037,821**	**96,565,349**	**98,603,170**	**0**	**558,623,153**	**657,226,323**	**25,701,999**	**682,928,322**
FCTR	**0**	**0**	0	**0**	**0**	**0**	**0**	**0**
Balance at 01 January 2013	**2,037,821**	**96,565,349**	98,603,170	-	**558,623,153**	657,226,323	**25,701,999**	682,928,322
Loss for the 15 months	-	-	-	-	(64,794,566)	(64,794,566)	1,610,895	(63,183,671)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive Loss for the 15 mon	-	-	-	-	**(64,794,566)**	**(64,794,566)**	**1,610,895**	**(63,183,671)**
Increase in investment in subsidiary	-	-	-	(1,192,742)	-	(1,192,742)	(3,902,979)	(5,095,721)
Total contributions by and distributions to	-	-	-	**(1,192,742)**	-	(1,192,742)	**(3,902,979)**	(5,095,721)
FCTR	**0**	**0**	0	**0**	**0**	0	**0**	0
Balance at 31 March 2014	**2,037,821**	**96,565,349**	98,603,170	**(1,192,742)**	**493,828,587**	591,239,015	**23,409,916**	614,648,930
Note	15	15	15					

Ranbaxy South Africa Proprietary Limited and its subsidiary (Registration number 1993/001413/07)
Financial Statements for the 15 months ended 31 March 2014

Statement of Changes in Equity as at 31 March 2014

	Share capital	Share premium	Total share capital	Common Control Reserve	Retained income	Total attributable to equity holders of the group / company	Non- controlling interest	Total equity
	R	R	R	R	R	R	R	R
Company								
Balance at 01 January 2012	**361,917**	**17,150,006**	**17,511,923**	**-**	74,504,072	**92,015,995**	**-**	**92,015,995**
Profit for the 12 months	-	-	-	-	26,689,672	26,689,672	-	26,689,672
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the 12 m	**-**	**-**	**-**	**-**	26,689,672	**26,689,672**	**-**	**26,689,672**
Balance at 01 January 2013	**361,917**	**17,150,006**	**17,511,923**	**-**	101,193,744	**118,705,667**	**-**	**118,705,667**
Loss for the 15 months	-	-	-	-	(12,175,069)	(12,175,069)	-	(12,175,069)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive Loss for the 15 mon	**-**	**-**	**-**	**-**	(12,175,069)	**(12,175,069)**	**-**	**(12,175,069)**
Balance at 31 March 2014	**361,917**	**17,150,006**	**17,511,923**	**-**	89,018,675	**106,530,598**	**-**	**106,530,598**
Note	15	15	15					

Statement of Changes in Equity as at 31 March 2014

	Share capital	Share premium	Total share capital	Common Control Reserve	Retained income	Total attributable to equity holders of the group / company	Non- controlling interest	Total equity
	INR	INR	INR	INR	INR	INR	INR	INR
Company								
Balance at 01 January 2012	2,037,821	96,565,349	98,603,170	0	419,504,910	518,108,080	**0**	**518,108,080**
Profit for the 12 months			0	-	150,279,685	150,279,685	0	150,279,685
Other comprehensive income			0	-		0	0	0
Total comprehensive income for the 12 months			0	-	150,279,685	**150,279,685**	**0**	**150,279,685**
FCTR			0		0	0	**0**	**0**
Balance at 01 January 2013	**2,037,821**	**96,565,349**	**98,603,170**	**-**	**569,784,595**	**668,387,765**	**0**	**668,387,765**
Loss for the 15 months				-	(68,553,316)	(68,553,316)	0	(68,553,316)
Other comprehensive income				-	0	0	0	0
Total comprehensive Loss for the 15 months				-	(68,553,316)	**(68,553,316)**	**0**	**(68,553,316)**
FCTR						0	**0**	**0**
Balance at 31 March 2014	**2,037,821**	**96,565,349**	**98,603,170**	**-**	**501,231,278**	**599,834,448**	**0**	**599,834,448**
Note						-		

Statement of Cash Flows for the 15 months ended 31 March 2014

	Notes	15 months ended 31 March 2014 R	12 months ended 31 December 2012 R	15 months ended 31 March 2014 R	12 months ended 31 December 2012 R
Cash flows from operating activities					
Cash (used in)/generated from operations	22	(42,805,318)	203,847,581	(12,709,667)	72,824,018
Interest income		174,018	3,403,503	3,180,745	4,087,797
Finance costs		(1,039,590)	(847,287)	-	-
Tax refunded/(paid)	23	(1,433,720)	(12,265,185)	(170,840)	(10,049,168)
Net cash from operating activities		**(45,104,610)**	**194,138,612**	**(9,699,762)**	**66,862,647**
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(9,186,695)	(15,000,267)	(1,552,256)	(2,013,618)
Sale of property, plant and equipment	6	51,187	-	51,187	-
Increase in investment in subsidiaries		(905,000)	-	(905,000)	-
Net cash from investing activities		**(10,040,508)**	**(15,000,267)**	**(2,406,069)**	**(2,013,618)**
Cash flows from financing activities					
Increase in related party receivable		-	(127,825,130) -		(58,422,396)
Loans to group companies repaid		(65,205)	852,329 -	-	
Net cash from financing activities		**(65,205)**	**(126,972,801) -**		**(58,422,396)**
Total cash, cash equivalents and bank overdrafts movement for the p		**(55,210,323)**	**52,165,544**	**(12,105,831)**	**6,426,633**
Cash, cash equivalents and bank overdrafts at the beginning of the period		88,966,329	36,800,785	30,417,604	23,990,971
Total cash, cash equivalents and bank over	14	**33,756,006**	**88,966,329**	**18,311,773**	**30,417,604**

Statement of Cash Flows for the 15 months ended 31 March 2014

	Notes	GROUP 15 months ended 31 March 2014 INR	GROUP 12 months ended 31 December 2012 INR	COMPANY 15 months ended 31 March 2014 INR	COMPANY 12 months ended 31 December 2012 INR
Cash flows from operating activities					
		0	0	0	0
Cash (used in)/generated from operations	22	(241,020,935)	1,315,994,713	(71,563,440)	470,135,688
Interest income		979,831	21,972,260	17,909,600	26,389,910
Finance costs		(5,853,547)	(5,469,897)	0	0
Tax refunded/(paid)	23	(8,072,748)	(79,181,311)	(961,937)	(64,875,197)
Net cash from operating activities		**(253,967,399)**	**1,253,315,765**	**(54,615,777)**	**431,650,400**
		-	-	-	-
Cash flows from investing activities		-	-	-	-
		-	-	-	-
Purchase of property, plant and equipment	6	(51,726,886)	(96,838,393)	(8,740,180)	(12,999,471)
Sale of property, plant and equipment		-	-	-	-
	6	288,215	-	288,215	-
Increase in investment in subsidiaries		(5,095,721)	-	(5,095,721)	-
Net cash from investing activities		**(56,534,392)**	**(96,838,393)**	**(13,547,686)**	**(12,999,471)**
		-	-	-	-
Cash flows from financing activities		-	-	-	-
		-	-	-	-
Increase in related party receivable		-	(825,210,652)	-	(377,162,014)
Loans to group companies repaid		(367,145)	5,502,447	-	-
Net cash from financing activities		**(367,145)**	**(819,708,205)**	**0**	**(377,162,014)**
		-	-	-	-
Total cash, cash equivalents and bank overdrafts movement for the p		(310,868,936)	336,769,167	(68,163,463)	41,488,915
Cash, cash equivalents and bank overdrafts at the beginning of the period		574,346,862	237,577,695	196,369,296	154,880,381
Forex movement on opening balance		(73,410,325)		(25,099,004)	
Total cash, cash equivalents and bank over	14	**190,067,601**	**574,346,862**	**103,106,830**	**196,369,296**

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Group financial statements

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- byacquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

1.1 Consolidation (continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

Ÿ it is probable that future economic benefits associated with the item will flow to the company; and

Ÿ the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment is depreciated on the straig~~ht line basis over it's expecte~~d useful lives to the estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.3 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant anc	15 years
Furniture	6 years
Motor vel	4 - 7 years
IT equipr	3 years
Leasehol	Period of the lease

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An 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.

1.4 Financial instruments Classification

The group classifies financial assets and financial liabilities into the following categories:

Ÿ Loans and receivables

Ÿ Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

Ÿ in rare circumstances

Ÿ if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

1.4 Financial instruments (continued)

Impairment of financial assets

(a) Assets ~~carried at amortised cost~~

The group 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 the 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 debtors 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 indicate 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 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 consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective

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 consolidated income statement.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial

1.4 Financial instruments (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or

Trade and other receivables are classified as loans and receivables.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. If collection is expected in one year or less (or in normal operating cycle of business if longer), they are classified as current liabilities. If not, they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost using the effective interest rate method which is deemed to be their fair value.

Borrowings

Borrowings are initially measured at fair value net of transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the income statement over the term of the borrowings using the effective interest method.

1.5 Income tax

Current income tax assets and liabilities

Current income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

1.5 Income tax (continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited in other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership and include the operating leases paragraph.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable

selling expenses.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs.

The cost of inventories is assigned using a weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Impairment of non-financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.10 Employee benefits (continued) Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The group has no further payment obligations once the contributions have been paid.

1.11 Provisions and contingencies

Provisions are recognised when:

- Ÿ the group has a present obligation as a result of a past event;
- Ÿ it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Ÿ a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another
party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Ÿ has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- Ÿ has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- Ÿ the amount that would be recognised as a provision; and
- Ÿ the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Commitments are disclosed in note 24.

1.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
    - it is probable that the economic benefits associated with the transaction will flow to the group;
    - the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Translation of foreign currencies Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1. New Standards and Interpretations

1.1 Standards and interpretations effective and adopted in the current 15 months

In the current 15 months, the group has adopted the following standards and interpretations that are effective for the current financial 15 months and that are relevant to its operations:

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over

The effective date of the standard is for years beginning on or after 01 January 2013. The group has adopted the standard for the first time in the 2014 financial statements. The impact of the standard is not material.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013. The group has adopted the standard for the first time in the 2014 financial statements. The impact of the standard is not material.

IAS 1 Presentation of Financial Statements

The amendment now requires items of other comprehensive income to be presented as:

- Those which will be reclassified to profit or loss
- Those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

The effective date of the amendment is for years beginning on or after 01 July 2012.

2 New Standards and Interpretations (continued)

The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IFRS 1 – Annual Improvements for 2009 – 2011 cycle

The amendment allows an entity to be a first time adopter of IFRS more than once, if its previous financial statements did not contain an explicit unreserved statement of compliance with IFRS. In addition, borrowing costs capitalised in accordance with previous GAAP before the date of transition to IFRS may be applied unadjusted at the transition date.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IAS 1 – Annual Improvements for 2009 – 2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IAS 16 – Annual Improvements for 2009 – 2011 cycle

Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

2 New Standards and Interpretations (continued) IAS 32 – Annual Improvements for 2009 – 2011 cycle

Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

IAS 34 – Annual Improvements for 2009 – 2011 cycle

Clarification on reporting of segment assets and segment liabilities in interim financial reports. Such reporting is only required when it is regularly reported to the chief operating decision maker, and when there has been a material change from the previous annual financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013. The group has adopted the amendment for the first time in the 2014 financial statements. The impact of the amendment is not material.

1.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2014 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.

Ÿ Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.

Under certain circumstances, financial assets may be designated as at fair value.

For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.

Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.

Financial liabilities shall not be reclassified.

2. New Standards and Interpretations (continued)

Ÿ Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
Ÿ IFRS 9 does not allow for investments in equity instruments to be measured at cost.
Ÿ The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

In December 2011, the effective date of IFRS 9 was delayed. The original effective date for annual periods beginning on/after 1 January 2013 has been delayed to annual periods beginning on/after 1 January 2015. The amendment also modifies the relief from restating prior periods, in that if IFRS 9 is adopted for reporting periods: beginning before 1 January 2012, comparatives need to be restated nor does the additional disclosure requirements of IFRS 7 need to be provided; beginning on/after 1 January 2012 and before 1 January 2013, either the additional disclosure required by IFRS 7 must be provided or the prior periods need to be restated; beginning on/after 1 January 2013, the IFRS 7 additional disclosure is required but the entity need not restate prior periods.

The effective date of the standard is for years beginning on or after 01 January 2015.

The group expects to adopt the standard for the first time in the 2015 financial statements.

It is unlikely that the standard will have a material impact on the group's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities. The effective date of the amendment is for years beginning on or after 01 January 2014.

The group expects to adopt the amendment for the first time in the 2015 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

Amendments to IAS 36, Impairment of assets

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal

The effective date of the amendment is for years beginning on or after 01 January 2014.

The group expects to adopt the amendment for the first time in the 2015 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2. New Standards and Interpretations (continued) Amendment to IFRS 13, Fair value measurement

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group expects to adopt the amendment for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

IAS 16, Property, plant and equipment, and IAS 38, Intangible assets

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount.

The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:
Ÿ either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
Ÿ the accumulated depreciation is eliminated against the gross

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group expects to adopt the amendment for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

IAS 24, Related party disclosures

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group expects to adopt the amendment for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

Note : Conversion rate used against Indian Rupees for the year 2014/2013 and 2012 are:
i) Items relating to Profit and Loss account at Average rate: 1 ZAR= 0.1667 [2012: 1 ZAR =0.1535]
ii) Items relating to Balance sheet at Closing rate: 1 Euro = 0.1776 [2012: 1 ZAR=0.1549]

2. Risk management Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 8 cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The group's activities expose it to a variety of financial risks including liquidity risk, interest rate risk, credit risk and foreign exchange risk.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Company finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

ZAR	Less that 1 year	INR	Less that 1 year
At 31 March 2014		**At 31 March 2014**	
Loans from group company	11,059,590	Loans from group company	62,272,466
Trade and other payables	57,761,312	Trade and other payables	325,232,613
Amounts due to related parties	215,698,122	Amounts due to related parties	1,214,516,453
At 31 December 2012	Less that 1 year	**At 31 December 2012**	Less that 1 year
Loans from group company	11,124,795	Loans from group company	71,819,206
Trade and other payables	90,052,916	Trade and other payables	581,361,627
Amounts due to related parties	257,939,778	Amounts due to related parties	1,665,201,924

3 Risk management (continued) — **3 Risk management (continued)**

Company — **Company**

ZAR	Less that 1 year	INR	Less that 1 year
At 31 March 2014		**At 31 March 2014**	
Trade and other payables	43,534,336	Trade and other payables	245,125,766
Amounts due to related parties	97,556,582	Amounts due to related parties	549,305,079
At 31 December 2012	Less that 1 year	**At 31 December 2012**	Less that 1 year
Trade and other payables	57,418,781	Trade and other payables	370,682,899
Amounts due to related parties	99,968,259	Amounts due to related parties	645,372,879

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

At 31 March 2014, if interest rates on Rand-denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the 15 months would have been R 55,298 inr 331,722 (2012: R 689,752 inr 4,493,498) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

At 31 March 2014, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been R 45,157 inr 270,888(2012: R 399,770 INR 2,604,365) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and trade payables.

At 31 March 2014, if the currency had weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been R 162,873 INR 977,043(2012: R 49,267 INR 320,958) higher, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables and trade payables.

3. Risk management (continued)

Foreign currency exposure at the end of the reporting period

	2014 R	2012 R	2014 R	2012 R
Non current assets				
Uncovered foreign assets group USD 43,459 INR 2,602,335, company USD 43,459 INR 2,602,335(2012: group USD 491,229 INR 26,843,115, company USD 55,172 INR 3,014,863)	461,286	4,161,643	461,286	467,412
Liabilities				
Uncovered foreign liabilities,USD 915 INR 54,790(2012 : USD 19,329 INR 1,157,425)	"	163,947	9,713	163,947
Uncovered foreign liabilities,EUR 111,630 INR 9,150,000 (2012 : EUR 43,967 INR 3,186,014)	1,628,726	492,670	1,628,726	492,670
Exchange rates used for conversion of foreign items were:				
USD	10.6143	"	10.6143	8.4719
Euro	14.5904	11.20544	14.5904	11.20544

Price risk

The group is not exposed to price risk.

Foreign currency exposure at the end of the reporting period

	2014 INR	2012 INR	2014 INR	2012 INR
Non current assets	**0.1776**	**0.1549**	**0.1776**	**0.1549**
Uncovered foreign assets group USD 43,459 INR 2,602,335, company USD 43,459 INR 2,602,335(2012: group USD 491,229 INR 26,843,115, company USD 55,172 INR	2,597,331	26,866,643	2,597,331	3,017,508
Liabilities				
Uncovered foreign liabilities,USD 915	-	-	-	-
INR 54,790(2012 : USD 19,329 INR 1,157,425)	923,125	62,705	923,125	-
Uncovered foreign liabilities,EUR 111,630 INR 9,150,000 (2012 : EUR 43,967 INR 3,186,014)	9,170,755	3,180,568	9,170,755	3,180,568
Exchange rates used for conversion of foreign items were:				
USD				
Euro				

4. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2014

	Loans and receivables	Total
	R	R
Related party receivable	174,066,648	174,066,648
Trade and other receivables	62,507,154	62,507,154
Cash and cash equivalents	33.756.006	33.756.006
	270,329,808	**270,329,808**

Group - 2012

	Loans and receivables	Total
Related party receivable	127,825,130	127,825,130
Trade and other receivables	131.489.765	131.489.765
Cash and cash equivalents	88.966.330	88.966.330
	348,281,225	**348,281,225**

Company - 2014

	Loans and receivables	Total
Related party receivable	107.432.812	107.432.812
Trade and other receivables	52.053.658	52.053.658
Cash and cash equivalents	18,311,773	18,311,773
	177.798.243	**177.798.243**

Company - 2012

	Loans and receivables	Total
Related party receivable	58.422.396	58,422,396
Trade and other receivables	118,979,697	118,979,697
Cash and cash equivalents	30.417.604	30.417.604
	207.819.697	**207.819.697**

Group - 2014

	Financial liabilities at amortised cost	Total
Loans from group company	11,059,590	11,059,590
Trade and other payables	50,203,201	50,203,201
Amounts due to related parties	215.698.122	215.698.122
	276,960,913	**276,960,913**

Group - 2012

	Financial liabilities at amortised cost	Total
Loans from group company	11,124,795	11,124,795
Trade and other payables	90,083,916	90,083,916
Amounts due to related parties	257,939,778	257,939,778
	359,148,489	359,148,489

Company - 2014

	Financial liabilities at amortised cost	Total
Trade and other payables	25,575,658	25,575,658
Amounts due to related parties	97,556,582	97,556,582
	123,132,240	123,132,240

Company - 2012

	Financial liabilities at amortised cost	Total
Trade and other payables	57,418,781	57,418,781
Amounts due to related parties	99,968,259	99,968,259
	157,387,040	157,387,040

Group - 2014	0.1776	INR
	Loans and receivables	Total
Related party receivable	980.105.000	980.105.000
Trade and other receivables	351.954.696	351.954.696
Cash and cash equivalents	190.067.601	190.067.601
	1.522.127.297	**1.522.127.297**

Group - 2012	0.1549	
	Loans and receivables	Total
Related party receivable	825.210.652	825.210.652
Trade and other receivables	848.868.722	848.868.722
Cash and cash equivalents	574.346.869	574.346.869
	2.248.426.243	**2.248.426.243**

Company - 2014	0.1776	
	Loans and receivables	Total
Related party receivable	604.914.482	604,914,482
Trade and other receivables	293,094,921	293,094,921
Cash and cash equivalents	103.106.830	103.106.830
	1,001,116,233	**1,001,116,233**

Company - 2012	0.1549	
	Loans and receivables	Total
Related party receivable	377.162.014	377,162,014
Trade and other receivables	768.106.501	768.106.501
Cash and cash equivalents	196.369.296	196.369.296
	1,341,637,811	**1,341,637,811**

Group - 2014	0.1776	
	Financial liabilities at amortised cost	Total
Loans from group company	62.272.466	62.272.466
Trade and other payables	282.675.681	282.675.681
Amounts due to related parties	1,214,516,453	1,214,516,453
	1.559.464.600	**1.559.464.600**

Group - 2012	0.1549	
	Financial liabilities at amortised cost	Total
Loans from group company	71,819,206	71,819,206
Trade and other payables	581,561,756	581,561,756
Amounts due to related parties	1,665,201,924	1,665,201,924
	2,318,582,886	2,318,582,886

Company - 2014	0.1776	
	Financial liabilities at amortised cost	Total
Trade and other payables	144,007,083	144,007,083
Amounts due to related parties	549,305,079	549,305,079
	693,312,162	693,312,162

Company - 2012	0.1549	
	Financial liabilities at amortised cost	Total
Trade and other payables	370,682,899	370,682,899
Amounts due to related parties	645,372,879	645,372,879
	1,016,055,778	1,016,055,778

6. Property, plant and equipment

R

Group

	2014 Cost	2014 Accumulated depreciation	2014 Carrying value	2012 Cost	2012 Accumulated depreciation	2012 Carrying value
Plant and machinery	23,382,200	(2,422,050)	20,960,150	10,796,940	(446,613)	10,350,327
Furniture and fixtures	3,588,211	(2,248,948)	1,339,263	2,781,202	(1,199,448)	1,581,754
Motor vehicles	1,407,205	(717,337)	689,868	1,264,017	(720,736)	543,281
IT equipment	3,874,175	(2,807,333)	1,066,842	2,864,639	(2,118,250)	746,389
Leasehold improvements	2	-	2	623,289	(623,287)	2
Capital work in progress	-	-	-	4,990,946	-	4,990,946
Total	**32,251,793**	**(8,195,668)**	**24,056,125**	**23,321,033**	**(5,108,334)**	**18,212,699**

Company

	2014 Cost	2014 Accumulated depreciation	2014 Carrying value	2012 Cost	2012 Accumulated depreciation	2012 Carrying value
Furniture and fixtures	3,394,614	(2,112,120)	1,282,494	2,607,387	(1,081,663)	1,525,724
Motor vehicles	1,278,345	(642,168)	636,177	1,135,157	(677,782)	457,375
IT equipment	3,751,787	(2,719,364)	1,032,423	2,762,594	(2,057,438)	705,156
Leasehold improvements	2 -		2	623,289	(623,287)	2
Total	**8,424,748**	**(5,473,652)**	**2,951,096**	**7,128,427**	**(4,440,170)**	**2,688,257**

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Disporsals	Transfers	Depreciation	Closing blance
Plant and machinery	10,350,327	7,594,314	-	4,990,946	(1,975,437)	20,960,150
Furniture and fixtures	1,581,754	195,502	-	-	(437,993)	1,339,263
Motor vehicles	543,281	399,123	(51,187)	-	(201,349)	689,868
IT equipment	746,389	997,756	-	-	(677,303)	1,066,842
Leasehold improvements	2	-	-	-	-	2
Capital work in progress	4,990,946	-	-	(4,990,946)	-	-
	18,212,699	**9,186,695**	**(51,187)**	**-**	**(3,292,082)**	**24,056,125**

Reconciliation of property, plant and equipment - Group - 2012

	Opening balnace	Additions	Transfers	Depreciation	Closing blance
Plant and machinery	-	-	10,796,940	(446,613)	10,350,327
Furniture and fixtures	269,235	1,553,610	-	(241,091)	1,581,754
Motor vehicles	716,721	-	-	(173,440)	543,281
IT equipment	565,894	549,883	-	(369,388)	746,389
Leasehold improvements	2	-	-	-	2
Capital work in progress	2,891,112	12,896,774	(10,796,940)	-	4,990,946
	4,442,964	**15,000,267**	**-**	**(1,230,532)**	**18,212,699**

Reconciliation of property, plant and equipment - Company - 2014

	Opening balance	Additions	Disporsals	Depreciation	Closing blance
Furniture and fixtures	1,525,724	173,682	-	(416,912)	1,282,494
Motor vehicles	457,375	399,123	(51,187)	(169,134)	636,177
IT equipment	705,156	979,451	-	(652,184)	1,032,423
Leasehold improvements	2	-	-	-	2
	2,688,257	**1,552,256**	**(51,187)**	**(1,238,230)**	**2,951,096**

Reconciliation of property, plant and equipment - Company - 2012

	Opening balance	Additions	Depreciation	Closing blance
Furniture and fixtures	254,048	1,498,235	(226,559)	1,525,724
Motor vehicles	605,043	-	(147,668)	457,375
IT equipment	538,159	515,383	(348,386)	705,156
Leasehold improvements	2	-	-	2
	1,397,252	**2,013,618**	**(722,613)**	**2,688,257**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered business office of the company.

6. Proper INR

Group	0.1776	2014		0.1549	2012	
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	131,656,532	(13,637,669)	118,018,863	69,702,647	(2,883,234)	66,819,413
Furniture and fixtures	20,203,891	(12,662,995)	7,540,895	17,954,822	(7,743,370)	10,211,453
Motor vehicles	7,923,452	(4,039,060)	3,884,392	8,160,213	(4,652,912)	3,507,301
IT equipment	21,814,048	(15,807,055)	6,006,993	18,493,473	(13,674,952)	4,818,522
Leasehold improvements	11	0	11	4,023,815	(4,023,802)	13
Capital work in progress		0	0	32,220,439	0	32,220,439
Total	**181,597,934**	**(46,146,779)**	**135,451,154**	**150,555,410**	**(32,978,270)**	**117,577,140**

Company		2014			2012	
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	19,113,818	(11,892,568)	7,221,250	16,832,711	(6,982,976)	9,849,735
Motor vehicles	7,197,889	(3,615,811)	3,582,078	7,328,321	(4,375,610)	2,952,711
IT equipment	21,124,927	(15,311,734)	5,813,193	17,834,693	(13,282,363)	4,552,331
Leasehold improvements	11	0	11	4,023,815	(4,023,802)	13
Total	**47,436,644**	**(30,820,113)**	**16,616,532**	**46,019,542**	**(28,664,751)**	**17,354,790**

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Disporsals	Transfers	Depreciation	Closing blance
Plant and machinery	58,278,868	42,760,777	0	28,102,173	(11,122,956)	118,018,863
Furniture and fixtures	8,906,273	1,100,800	0	0	(2,466,177)	7,540,895
Motor vehicles	3,059,015	2,247,314	(288,215)	0	(1,133,722)	3,884,392
IT equipment	4,202,641	5,617,995	0	0	(3,813,643)	6,006,993
Leasehold improvements	11	0	0	0	0	11
Capital work in progress	28,102,173	0	0	(28,102,173)	0	0
	102,548,981	**51,726,886**	**(288,215)**	**0**	**(18,536,498)**	**135,451,154**

Reconciliation of property, plant and equipment - Group - 2012

	Opening balnace	Additions	Transfers	Depreciation	Closing blance
Plant and machinery	0	0	69,702,647	(2,883,234)	66,819,413
Furniture and fixtures	1,738,121	10,029,761	0	(1,556,430)	10,211,453
Motor vehicles	4,626,992	0	0	(1,119,690)	3,507,301
IT equipment	3,653,286	3,549,923	0	(2,384,687)	4,818,522
Leasehold improvements	13	0	0	0	13
Capital work in progress	18,664,377	83,258,709	(69,702,647)	0	32,220,439
	28,682,789	**96,838,393**	**0**	**(7,944,041)**	**117,577,140**

Reconciliation of property, plant and equipment - Company - 2014

	Opening balance	Additions	Disporsals	Depreciation	Closing blance
Furniture and fixtures	8,590,788	977,939	0	(2,347,477)	7,221,250
Motor vehicles	2,575,310	2,247,314	(288,215)	(952,331)	3,582,078
IT equipment	3,970,473	5,514,927	0	(3,672,207)	5,813,193
Leasehold improvements	11	0	0	0	11
	15,136,582	**8,740,180**	**(288,215)**	**(6,972,016)**	**16,616,532**

Reconciliation of property, plant and equipment - Company - 2012

	Opening balance	Additions	Disporsals	Depreciation	Closing blance
Furniture and fixtures	1,640,077	9,672,272	0	(1,462,615)	9,849,735
Motor vehicles	3,906,023	0	0	(953,312)	2,952,711
IT equipment	3,474,235	3,327,198	0	(2,249,103)	4,552,331
Leasehold improvements	13	0	0	0	13
	9,020,349	**12,999,471**	**0**	**(4,665,029)**	**17,354,790**

7. Investments in subsidiaries

Name of company	Carrying amount 2014 70.00%	Carrying amount 2012 68.40%
Sonke Pharmaceuticals Proprietary Limited	905,342	342

The carrying amounts of subsidiaries are shown net of impairment losses.

Reconciliation	**2014**	**2012**
At beginning of the year	342	342
Acquisition of additional shares	905,000	-
Closing balance	**905,342**	**342**

7. Investments in subsidiaries

Name of company	INR Carrying amount 2014 70.00%	INR Carrying amount 2012 68.40%
Sonke Pharmaceuticals Proprietary Limited	5,097,646	2,208

The carrying amounts of subsidiaries are shown net of impairment losses.

Reconciliation	**2014**	**2012**
At beginning of the year	1,926	2,208
Acquisition of additional shares	5,095,721	-
Closing balance	**5,097,646**	**2,208**

8. Loans to (from) group companies
Fellow subsidiaries

	GRPUP		COMPANY	
	15 months ended 31 March 2014	12 months ended 31 December 2012	15 months ended 31 March 2014	12 months ended 31 December 2012
	R	R	R	R
Ranbaxy Netherlands BV	-11,059,590	-11,124,795	-	-

The loan is unsecured, bore interest at prime less 0.5% and was repayable on demand.

8. Loans to (from) group companies
Fellow subsidiaries

	15 months ended 31 March 2014	12 months ended 31 December 2012	15 months ended 31 March 2014	12 months ended 31 December 2012
	INR	INR	INR	INR
Ranbaxy Netherlands BV	-62,272,466	-71,819,206		

9. Deferred income tax

Deferred tax asset

Accelerated capital allowances for tax purposes	(59,553)	(50,930)	(59,553)	(50,930)
Provisions	2,442,464	1,699,698	1,198,560	524,883
Assessed loss	3,325,039	-	3,325,039	-
Lease straight lining	182,183	482,589	182,183	482,589
	5,890,133	**2,131,357**	**4,646,229**	**956,542**

Reconciliation of deferred tax asset (liability)

At beginning of the year	2,131,357	176,318	956,542	-
Timing differences	3,758,776	1,955,039	3,689,687	956,542
	5,890,133	**2,131,357**	**4,646,229**	**956,542**

9. Deferred income tax

Deferred tax asset

Accelerated capital allowances for tax	(335,321)	(16,977)	(335,321)	(328,793)
purposes	0	0	0	0
Provisions	13,752,613	566,566	6,748,649	3,388,528
Assessed loss	18,722,066	0	18,722,066	0
Lease straight lining	1,025,805	160,863	1,025,805	3,115,487
	33,165,163	**710,452**	**26,161,199**	**6,175,223**
			-	-
Reconciliation of deferred tax asset (liability)			-	-
			-	-
At beginning of the year	12,000,884	58,773	5,385,935	0
Timing differences	21,164,279	651,680	20,775,265	6,175,223
	33,165,163	**710,452**	**26,161,199**	**6,175,223**

10. Retirement benefits

Defined contribution plan
It is the policy of the company to provide retirement benefits to all its full-time employees. One defined contribution pension funds, which are subject to the Pension Fund Act exist for this purpose. The scheme is funded both by member and by company contributions which are charged to the income statement as they are incurred. The total company contribution to the scheme in the current year was R 3,525,314 (2012: R 1,923,658) for the group.

11. Related party receivable

Be-Tabs Pharmaceuticals Proprietary Limited	-	127,825,130	-	58,422,396

11. Related party receivable

Be-Tabs Pharmaceuticals Proprietary Limited	**0**	**825,210,652**	**0**	**377,162,014**

12. Inventories	R	R	R	R
Raw materials, components	5,908,554	31,877,738	20,131	20,131
Finished goods	49,815,136	38,420,058	39,330,531	31,939,237
Merchandise	106,573	106,573	106,573	106,573
Goods in transit	12,832,269	26,064,577	11,174,913	25,733,924
	68,662,532	**96,468,946**	**50,632,148**	**57,799,865**

12. Inventories	INR	INR	INR	INR
Raw materials, components	33,268,885	205,795,597	113,350	129,961
Finished goods	280,490,631	248,031,362	221,455,693	206,192,621
Merchandise	600,073	688,012	600,073	688,012
Goods in transit	72,253,767	168,267,121	62,921,807	166,132,498
	386,613,356	**622,782,092**	**285,090,923**	**373,143,092**

13. Trade and other receivables	R	R	R	R
Trade receivables	70,012,206	131,600,039	53,777,709	118,903,716
Impairment on trade receivables	(7,505,052)	(5,851,933)	(1,724,051)	(1,001,687)
	62,507,154	125,748,106	52,053,658	117,902,029
Employee costs in advance	250,634	484,249	219,634	130,243
Prepayments	8,361,909	7,770,210	8,316,393	7,603,611
VAT	12,874,777	6,684,610	1,383,723	-
Advance to suppliers	-	4,300,051	-	-
Amounts due from related parties	174,066,648	-	107,432,812	-
Other receivables	1,034,823	957,359	1,034,823	947,426
	259,095,945	**145,944,585**	**170,441,043**	**126,583,309**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2014, for group R 20,614,200 INR 1,234,383,234(2012: R 44,778,997 INR 2,446,939,727) and for company R 14,649,999 INR 877,245,4
(2012: R 24,122,228 INR 1,318,154,536)were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

0 - 30 days past due	9,898,017	30,651,670	9,704,031	25,883,422
31 - 120 days past due	3,776,997	3,333,212	2,741,117	(3,064,961)
121 - 150 days past due	742,009	1,433,084	-	(50,705)
More than 151 days past due	6,197,177	9,361,031	2,204,851	1,354,472
	20,614,200	**44,778,997**	**14,649,999**	**24,122,228**

13. Trade and other receivables	INR	INR	INR	INR
Trade receivables	394,212,872	849,580,626	302,802,416	767,615,985
Impairment on trade receivables	(42,258,176)	(37,778,780)	(9,707,494)	(6,466,669)
	351,954,696	811,801,846	293,094,921	761,149,316
Employee costs in advance	1,411,227	3,126,204	1,236,678	840,820
Prepayments	47,082,821	50,162,750	46,826,537	49,087,224
VAT	72,493,114	43,154,358	7,791,233	0
Advance to suppliers	0	27,760,174	0	0
Amounts due from related parties	980,105,000	0	604,914,482	0
Other receivables	5,826,706	6,180,497	5,826,706	6,116,372
	1,458,873,564	**942,185,830**	**959,690,557**	**817,193,731**

The ageing of amounts past due but not impaired is as follows:

0 - 30 days past due	55,732,078	197,880,374	54,639,814	167,097,624
31 - 120 days past due	21,266,875	21,518,476	15,434,217	(19,786,708)
121 - 150 days past due	4,177,979	9,251,672	0	(327,340)
More than 151 days past due	34,894,015	60,432,737	12,414,702	8,744,170
	116,070,946	**289,083,260**	**82,488,733**	**155,727,747**

14. Cash and cash equivalents

	R	R	R	R
For the purpose of the statement of cash flows, cash, cash equivalents include total cash assets:				
Cash on hand	8,500	8,500	8,500	8,500
Bank balances	33,747,506	88,957,829	18,303,273	30,409,104
	33,756,006	**88,966,329**	**18,311,773**	**30,417,604**

	INR	INR	INR	INR
For the purpose of the statement of cash flows, cash, cash equivalents include total cash assets:				
Cash on hand	47,860	54,874	47,860	54,874
Bank balances	190,019,741	574,291,988	103,058,970	196,314,422
	190,067,601	**574,346,862**	**103,106,830**	**196,369,296**

15. Share capital

	R	R	R	R
Authorised				
1,004,000 Ordinary shares of R1 each	1,004,000	1,004,000	1,004,000	1,004,000
All issued shares are fully paid up.				
Issued				
361,917 Ordinary shares of R1 each	361,917	361,917	361,917	361,917
Share premium	17,150,006	17,150,006	17,150,006	17,150,006
	17,511,923	**17,511,923**	**17,511,923**	**17,511,923**

15. Share capital

	INR	INR	INR	INR
Authorised				
1,004,000 Ordinary shares of R1 each	5,653,153	5,653,153	5,653,153	5,653,153
All issued shares are fully paid up.				
Issued				
361,917 Ordinary shares of R1 each	2,037,821	2,037,821	2,037,821	2,037,821
Share premium	96,565,349	96,565,349	96,565,349	96,565,349
	98,603,170	98,603,170	98,603,170	98,603,170

16. Trade and other payables

	R	R	R	R
Trade payables	30,563,902	61,829,361	29,148,683	41,543,556
VAT	-	1,229,105	-	1,229,105
Amounts due to related parties	215,698,122	257,939,778	97,556,582	99,968,259
Other accrued expenses	1,116,288	1,699,450	1,074,360	1,468,889
Other payables and trade accruals	26,081,122	26,555,106	13,311,294	14,406,337
	273,459,434	**349,252,800**	**141,090,919**	**158,616,146**

16. Trade and other payables

	INR	INR	INR	INR
Trade payables	172,094,043	399,156,624	164,125,467	268,195,972
VAT	-	7,934,829	-	7,934,829
Amounts due to related parties	1,214,516,453	1,665,201,924	549,305,079	645,372,879
Other accrued expenses	6,285,405	10,971,272	6,049,324	9,482,821
Other payables and trade accruals	146,853,164	171,433,867	74,950,980	93,004,112
	1,539,749,065	**2,254,698,515**	**794,430,850**	**1,023,990,613**

17. Revenue	R	R	R	R
Sale of goods	667,705,963	679,514,293	296,988,997	265,313,605

17. Revenue	INR	INR	INR	INR
Sale of goods	4,005,434,691	4,426,803,212	1,781,577,666	1,728,427,394

18. Expenses by nature	R	R	R	R
Raw materials and consumables used	512,564,597	514,564,653	177,540,032	166,889,481
Auditors remuneration	1,672,539	916,517	1,257,016	804,976
Bad debts written off	1,657,316	4,492,412	726,561	-
Consultancy expenses	1,320,637	1,748,825	1,240,453	1,587,592
Depreciation, amortisation and	3,292,082	1,230,532	1,238,230	722,613
impairments Distribution charges				
	33,800,771	38,277,403	19,938,231	13,679,843
Employee Costs	74,580,469	49,019,952	68,853,027	43,989,024
Marketing expenses	12,940,935	7,663,850	12,771,013	7,394,558
Profit and loss on exchange differences	6,038,389	2,222,147	5,273,971	450,164
Royalties	5,324,978	5,580,485	1,215,594	1,281,066
Subscriptions	2,245,238	2,187,640	2,191,778	2,130,483
Telephone and fax	3,008,535	2,167,900	2,835,760	2,078,114
Travel expenses	1,614,309	1,303,674	1,604,121	1,233,659
Other expenses	21,146,150	13,399,796	19,175,022	12,007,427
Total cost of sales, distribution costs and administrative expenses	**681,206,945**	**644,775,786**	**315,860,809**	**254,249,000**

18. Expenses by nature	INR	INR	INR	INR
Raw materials and consumables used	3,074,772,627	3,352,212,723	1,065,027,187	1,087,227,889
Auditors remuneration	10,033,227	5,970,795	7,540,588	5,244,143
Bad debts written off	9,941,908	29,266,528	4,358,494	-
Consultancy expenses	7,922,238	11,392,997	7,441,230	10,342,619
Depreciation, amortisation and	19,748,542	8,016,495	7,427,894	4,707,577
impairments Distribution charges	-	-	-	-
	202,764,073	249,364,189	119,605,465	89,119,498
Employee Costs	447,393,335	319,348,221	413,035,555	286,573,446
Marketing expenses	77,630,084	49,927,362	76,610,756	48,173,016
Profit and loss on exchange differences	36,223,089	14,476,528	31,637,499	2,932,664
Royalties	31,943,479	36,354,951	7,292,106	8,345,707
Subscriptions	13,468,734	14,251,726	13,148,038	13,879,368
Telephone and fax	18,047,600	14,123,127	17,011,158	13,538,202
Travel expenses	9,683,917	8,492,990	9,622,801	8,036,866
Other expenses	126,851,530	87,295,088	115,027,127	78,224,280
Total cost of sales, distribution costs and administrative expenses	**4,086,424,385**	**4,200,493,720**	**1,894,785,897**	**1,656,345,277**

19. Finance income	R	R	R	R
Finance income				
Bank	174,018	3,403,503	3,180,745	4,087,797

19. Finance income	INR	INR	INR	INR
Finance income				
Bank	1,043,899	22,172,658	19,080,654	26,630,599

20. Finance costs	R	R	R	R
Group companies	1,039,590	847,287	-	-

20. Finance costs	INR	INR	INR	INR
Group companies	6,236,293	5,519,785	-	-

21. Income tax expense	R	R	R	R
Major components of the income tax (income) expense				
Current				
Local income tax - current period	1,330,406	12,651,504	890,452	11,159,542
Deferred				
Deferred tax	-3,758,776	-1,955,039	-3,689,686	-780,224
	-2,428,370	**10,696,465**	**-2,799,234**	**10,379,318**
Reconciliation of the income tax expense				
Reconciliation between accounting profit and income tax expense.				
Accounting (loss)/profit	(13,649,790)	40,697,966	(14,974,303)	37,068,990
Tax at the applicable tax rate of 28% (2011: 28%)	(3,821,941)	11,395,430	(4,192,805)	10,379,317
Tax effect of adjustments on taxable income				
Other	(110,122)	(108,497)	(110,122)	-
Assessed loss utilised -	-	(2,683,802)	-	-
Royalties -	-	2,093,333	-	-
Adjustment in respect of prior periods	1,503,693	-	1,503,693	-
	(2,428,370)	**10,696,464**	**(2,799,234)**	**10,379,317**

21. Income tax expense	INR	INR	INR	INR
Major components of the income tax (income) expense				
Current				
Local income tax - current period	7,980,840	82,420,221	5,341,644	72,700,599
Deferred				
Deferred tax	(22,548,146)	(12,736,410)	(22,133,689)	(5,082,893)
	(14,567,307)	**69,683,811**	**(16,792,046)**	**67,617,707**
Reconciliation of the income tax expense				
Reconciliation between accounting profit and income tax expense.				
Accounting (loss)/profit	(81,882,364)	265,133,329	(89,827,852)	241,491,792
Tax at the applicable tax rate of 28% (2011: 28%)	(22,927,061)	74,237,329	(25,151,800)	67,617,700
Tax effect of adjustments on taxable income				
Other	(660,600)	(706,821)	(660,600)	0
Assessed loss utilised -	0	(17,484,052)	0	0
Royalties -	0	13,637,349	0	0
Adjustment in respect of prior periods	9,020,354	0	9,020,354	0
	(14,567,307)	**69,683,805**	**(16,792,046)**	**67,617,700**

22. Cash (used in) generated from operations	R	R	R	R
(Loss)/profit before taxation	(13,649,790)	40,697,966	(14,974,303)	37,068,990
Adjustments for:				
Depreciation and amortisation	3,292,082	1,230,532	1,238,230	722,613
Interest received	(174,018)	(3,403,503)	(3,180,745)	(4,087,797)
Finance costs	1,039,590	847,287	-	-
Changes in working capital:				
Inventories	27,806,414	18,840,280	7,167,717	(21,208,469)
Trade and other receivables	(113,151,360)	36,177,240	(43,857,734)	(34,188,803)
Trade and other payables	(75,793,366)	109,457,779	(17,525,227)	94,517,484
Related party receivable	127,825,130	-	58,422,395	-
	(42,805,318)	**203,847,581**	**(12,709,667)**	**72,824,018**

22. Cash (used in) generated from operations	INR	INR	INR	INR
(Loss)/profit before taxation	(76,856,926)	262,737,030	(84,314,769)	239,309,167
Adjustments for:	0	0	0	0
Depreciation and amortisation	18,536,498	7,944,041	6,972,016	4,665,029
Interest received	(979,831)	(21,972,260)	(17,909,600)	(26,389,910)
Finance costs	5,853,547	5,469,897	0	0
Changes in working capital:	0	0	0	0
Inventories	156,567,646	121,628,664	40,358,767	(136,917,166)
Trade and other receivables	(637,113,514)	233,552,227	(246,946,700)	(220,715,320)
Trade and other payables	(426,764,448)	706,635,113	(98,678,080)	610,183,886
Related party receivable	719,736,092	0	328,954,927	0
	(241,020,935)	**1,315,994,713**	**(71,563,440)**	**470,135,688**

23. Tax paid	R	R	R	R
Balance at beginning of the 15 months	2,116,619	2,502,938	453,498	1,563,872
Current tax for the 15 months	(1,330,406)	(12,651,504)	(890,452)	(11,159,542)
recognised in profit or loss Balance at end of the 15 months	(2,219,933)	(2,116,619)	266,114	(453,498)
	(1,433,720)	**(12,265,185)**	**(170,840)**	**(10,049,168)**

23. Tax paid	INR	INR	INR	INR
Balance at beginning of the 15 months	11,917,900	16,158,412	2,553,480	10,096,010
Current tax for the 15 months	(7,491,025)	(81,675,300)	(5,013,806)	(72,043,525)
recognised in profit or loss Balance at end of the 15 months	(12,499,623)	(13,664,422)	1,498,390	(2,927,682)
	(8,072,748)	**(79,181,311)**	**(961,937)**	**(64,875,197)**

24. Commitments

Operating leases – as lessee (expense)	R	R	R	R
Minimum lease payments due				
- within one year	4,044,591	3,879,270	4,044,591	3,862,470
- in second to fifth year inclusive	5,079,920	19,075,696	5,079,920	19,049,096
	9,124,511	**22,954,966**	**9,124,511**	**22,911,566**

Operating lease payments represent rentals payable by the group for certain of its office space and equipment.

24. Commitments

Operating leases – as lessee (expense)	INR	INR	INR	INR
Minimum lease payments due				
- within one year	22,773,598	25,043,706	22,773,598	24,935,249
- in second to fifth year inclusive	28,603,153	123,148,457	28,603,153	122,976,733
	51,376,751	**148,192,163**	**51,376,751**	**147,911,982**

Operating lease payments represent rentals payable by the group for certain of its office space and equipment.

25. Related parties

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Relationships	
Ultimate holding company	Daiichi Sankyo Co. Limited
Holding company	Ranbaxy Netherlands BV
Subsidiary	Sonke Pharmaceuticals Proprietary Limited
Fellow subsidiaries	Be-Tabs Pharmaceuticals Proprietary Limited Be-Tabs Investments Proprietary Limited
Directors	A Madan

R Chakravarti M Bharadwaj DW Brothers R Gulati

	Group		Company	
	15 months ended 31 March 2014 R	12 months ended 31 December 2012 R	15 months ended 31 March 2014 R	12 months ended 31 December 2012 R
25. Related parties (continued)				
Related party balances				
Loan accounts - Owing to related parties				
Ranbaxy Netherlands BV	11,059,590	11,124,795	-	-
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Sonke Pharmaceuticals Proprietary Limited	-	-	(177,743)	-
Sonke Pharmaceuticals Proprietary Limited	-	-	30,237,259	73,071,079
Ranbaxy Laboratories Limited	(162,119,968)	(276,032,994)	(97,223,262)	(121,271,529)
Be-Tabs Pharmaceuticals Proprietary Limited	(53,578,154)	(3,575,316)	(155,578)	(17,304)
Ranbaxy Laboratories Limited	-	397,242	-	397,242
Be-Tabs Pharmaceuticals Proprietary Limited	174,066,648	-	77,195,553	-
	(41,631,474)	**(279,211,068)**	**9,876,229**	**(47,820,512)**
Related party receivables				
Be-Tabs Pharmaceuticals Proprietary Limited	-	127,825,130	-	58,422,396
Related party transactions				
Interest paid to (received from) related parties				
Be-Tabs Pharmaceuticals Proprietary Limited	-	(3,269,934)	-	(3,269,934)
Ranbaxy Netherlands BV	1,059,590	852,328	-	-
Sonke Pharmaceuticals Proprietary Limited	-	-	3,097,206	(750,079)
	1,059,590	**(2,417,606)**	**3,097,206**	**(4,020,013)**

Related party balances	INR	INR	INR	INR
Loan accounts - Owing to related parties				
Ranbaxy Netherlands BV	62,272,466	71,819,206	0	0
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Sonke Pharmaceuticals Proprietary Limited	0	0	(1,000,805)	0
Sonke Pharmaceuticals Proprietary Limited	0	0	170,254,837	471,730,658
Ranbaxy Laboratories Limited	(912,837,658)	(1,782,007,708)	(547,428,277)	(782,902,059)
Be-Tabs Pharmaceuticals Proprietary Limited	(301,678,795)	(23,081,446)	(876,002)	(111,711)
Ranbaxy Laboratories Limited	0	2,564,506	0	2,564,506
Be-Tabs Pharmaceuticals Proprietary Limited	980,105,000	0	434,659,645	0
	(234,411,453)	**(1,802,524,648)**	**55,609,398**	**(308,718,606)**
Related party receivables				
Be-Tabs Pharmaceuticals Proprietary Limited	0	825,210,652	0	377,162,014
Related party transactions				
Interest paid to (received from) related parties				
Be-Tabs Pharmaceuticals Proprietary Limited	0	(21,109,968)	0	(21,109,968)
Ranbaxy Netherlands BV	5,966,160	5,502,440	0	0
Sonke Pharmaceuticals Proprietary Limited	0	0	17,439,223	(4,842,343)
	5,966,160	**(15,607,527)**	**17,439,223**	**(25,952,311)**

25. Related parties (continued)

Purchases from (sales to) related parties	R	R	R	R
Ranbaxy Laboratories Limited	280,265,213	353,938,394	188,319,206	168,732,408
Ranbaxy Laboratories Limited	(141,880)	(467,416)	-	(467,416)
Be-Tabs Pharmaceuticals Proprietary Limited	162,204,987	88,875,343	-	-
Be-Tabs Pharmaceuticals Proprietary Limited	(87,387,473)	(91,427,804)	-	-
Sonke Pharmaceuticals Proprietary Limited	-	-	(48,552,066)	(43,976,167)
Daiichi Sankyo Co. Limited	21,009,789	-	21,009,789	-
	375,950,636	**350,918,517**	**160,776,929**	**124,288,825**
Management fees				
Be-Tabs Pharmaceuticals Proprietary Limited	-	(345,932)	-	(345,932)
Royalty				
Sonke Pharmaceuticals Proprietary Limited	-	-	-	4,032,794

25. Related parties (continued)

Purchases from (sales to) related parties	INR	INR	INR	INR
Ranbaxy Laboratories Limited	1,578,069,893	2,284,947,669	1,060,355,890	1,089,298,954
Ranbaxy Laboratories Limited	(798,874)	(3,017,534)	0	(3,017,534)
Be-Tabs Pharmaceuticals Proprietary Limited	913,316,368	573,759,477	0	0
Be-Tabs Pharmaceuticals Proprietary Limited	(492,046,582)	(590,237,598)	0	0
Sonke Pharmaceuticals Proprietary Limited	0	0	(273,378,750)	(283,900,368)
Daiichi Sankyo Co. Limited	118,298,361	0	118,298,361	0
	2,116,839,167	**2,265,452,014**	**905,275,501**	**802,381,052**
Management fees				
Be-Tabs Pharmaceuticals Proprietary Limited	0	(2,233,260)	0	(2,233,260)
Royalty				
Sonke Pharmaceuticals Proprietary Limited	0	0	0	26,034,822

26. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

27. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that would impact its financial position as at 31 March 2014.