Sonke Pharmaceuticals Proprietary Limited (Registration number 2005/011027/07)
Financial statements
for the 15 months ended 31 March 2014

General Information

Country of incorporation and domicile
South Africa
Nature of business and principal activities
Import, marketing, manufacturing and trade of pharmaceutical goods
Directors
R Chakravarti
MJ Madungandaba A Madan
M Lotz
I Banerjee
M Bharadwaj

Holding company
Ranbaxy South Africa Proprietary Limited
Ultimate holding company
Daiichi Sankyo Co. Limited
Auditors
PricewaterhouseCoopers Inc.
Secretary
Grant Thornton
Company registration number
2005/011027/07
Level of assurance
These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South African.
Preparer
The financial statements were independently compiled under the supervision of:
PI Heslinga CA (SA)

Published
05-May-14

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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 African 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 company 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 company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 company’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 company 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 company's financial statements. The financial statements have been examined by the company'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 35, 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 **M Bharadwaj**

Directors' Report

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

1. Review of activities

Main business and operations

The company is engaged in import, marketing, manufacturing and trade of pharmaceutical goods and operates principally in South Africa.

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 profit of the company was R 953,649 (2012: R 18,279,036 profit), after taxation of R 370,864 (2012: R 317,147).

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 year, that would have a material impact on the 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 company 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	**Nationality**
R Chakravarti	Indian
MJ Madungandaba	South African
A Madan	Indian
M Lotz	South African
I Banerjee	Indian
M Bharadwaj	Indian

Directors' Report

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 office - 121 Boshoff Street New Muckleneuk 0181

8. Holding company

The company's holding company is Ranbaxy South Africa Proprietary Limited.

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 African.

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 SONKE PHARMACEUTICALS PROPRIETARY LIMITED

We have audited the financial statements of Sonke Pharmaceuticals Proprietary Limited set out on pages 8 to 35, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement 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 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 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 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 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.

appropriateness of accounting policies 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 financial statements present fairly, in all material respects, the financial position of Sonke Pharmaceuticals Proprietary Limited as at 31 March 2014, and its financial performance and its 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 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 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 financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.
Director: Leon de Wet
Registered Auditor
Sunninghills
5 May 2014

Statement of Financial Position as at 31 March 2014

	Notes	March 31, 2014	December 31, 2012
		R	R
Assets			
Non-Current Assets			
Property, plant and equipment	6	21,105,029	15,524,442
Deferred income tax	8	1,243,904	1,174,815
Related party receivable	10	-	69,402,734
		22,348,933	**86,101,991**
Current Assets			
Inventories	11	18,030,384	38,669,081
Current income tax receivable		2,486,047	1,663,121
Trade and other receivables	12	119,030,118	92,432,355
Cash and cash equivalents	13	15,444,233	58,548,725
		154,990,782	**191,313,282**
Total Assets		**177,339,715**	**277,415,273**
Equity and Liabilities			
Equity			
Share capital	14	2,000,500	2,000,500
Retained income		1,535,895	582,246
		3,536,395	**2,582,746**
Liabilities			
Current Liabilities			
Loans from group companies	7	11,059,590	11,124,795
Trade and other payables	15	162,743,730	263,707,732
		173,803,320	**274,832,527**
Total Equity and Liabilities		**177,339,715**	**277,415,273**

	INR	INR
Assets		
Non-Current Assets	**2014**	**2012**
Property, plant and equipment	118,834,623	100,222,350
Deferred income tax	7,003,964	7,584,345
Related party receivable	0	448,048,638
	125,838,587	**555,855,332**
Current Assets		
Inventories	101,522,432	249,638,999
Current income tax receivable	13,998,012	10,736,740
Trade and other receivables	670,214,628	596,722,757
Cash and cash equivalents	86,960,771	377,977,566
	872,695,845	**1,235,076,062**
Total Assets	**998,534,431**	**1,790,931,394**
Equity and Liabilities		
Equity		
Share capital	12,998,819	12,998,819
Retained income	9,813,529	4,092,779
FCTR	(2,900,213)	(417,963)
	19,912,134	16,673,635
Liabilities		
Current Liabilities		
	0	0
Loans from group companies	62,272,466	71,819,206
Trade and other payables	916,349,831	1,702,438,554
	978,622,297	1,774,257,760
Total Equity and Liabilities	**998,534,431**	**1,790,931,394**

Statement of Profit and Loss and Other Comprehensive Income

	Notes	15 months ended 31 March 2014	12 months ended 31 December 2012
		R	R
Revenue	16	370,716,966	458,176,855
Cost of sales	17	(335,024,565)	(391,651,339)
Gross profit		**35,692,401**	**66,525,516**
Operating expenses		(30,321,571)	(46,397,753)
Operating profit		**5,370,830**	**20,127,763**
Finance income	19	91,248	65,786
Finance costs	20	(4,137,565)	(1,597,366)
Profit before taxation		**1,324,513**	**18,596,183**
Income tax expense	21	(370,864)	(317,147)
Profit for the period		**953,649**	**18,279,036**
Other comprehensive income		-	-
Total comprehensive income		**953,649**	**18,279,036**

Statement of Profit and Loss and Other Comprehensive Income

	15 months ended 31 March 2014	12 months ended 31 December 2012
	INR	INR
Revenue	2,223,857,025	2,984,865,505
Cost of sales	(2,009,745,441)	(2,551,474,521)
Gross profit	**214,111,584**	**433,390,984**
Operating expenses	(181,893,047)	(302,265,492)
Operating profit	**32,218,536**	**131,125,492**
Finance income	547,379	428,573
Finance costs	(24,820,426)	(10,406,293)
Profit before taxation	**7,945,489**	**121,147,772**
Income tax expense	(2,224,739)	(2,066,104)
Profit for the period	**5,720,750**	**119,081,668**
Other comprehensive income	0	0
Total comprehensive income	5,720,750	119,081,668

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained income	Total equity
	R	R	R	R	R
Balance at 01 January 2012	**500**	**2,000,000**	**2,000,500**	**(17,696,790)**	**(15,696,290)**
Profit for the 12 months	-	-	-	18,279,036	18,279,036
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the 12 months	**-**	**-**	**-**	**18,279,036**	**18,279,036**
FCTR					
Balance at 01 January 2013	**500**	**2,000,000**	**2,000,500**	**582,246**	**2,582,746**
Profit for the 15 months	-	-	-	953,649	953,649
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the 15 months	**-**	**-**	**-**	**953,649**	**953,649**
FCTR					
Balance at 31 March 2014	**500**	**2,000,000**	**2,000,500**	**1,535,895**	**3,536,395**
Note	14	14	14		

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained income	Total equity
	INR	INR	INR	INR	INR
Balance at 01 January 2012	3,367	12,995,452	**12,998,819**	**(114,988,889)**	**(101,990,070)**
Profit for the 12 months	-	-	**0**	119,081,668	**119,081,668**
Other comprehensive income	-	-	**0**	119,081,668	**119,081,668**
Total comprehensive income for the 12 months	**-**	**-**	**0**	**119,081,668**	**119,081,668**
FCTR				**(417,963)**	**(417,963)**
Balance at 01 January 2013	**3,367**	**12,995,452**	**12,998,819**	**3,674,816**	**16,673,635**
Profit for the 15 months	-	-	**0**	5,720,750	**5,720,750**
Other comprehensive income	-	-	**0**		**0**
Total comprehensive income for the 15 months	**-**	**-**	**0**	**5,720,750**	**5,720,750**
FCTR				**(2,482,250)**	**(2,482,250)**
Balance at 31 March 2014	**3,367**	**12,995,452**	**12,998,819**	**6,913,315**	**19,912,134**
Note	14	14	14		

Statement of Cash Flows

	Notes	15 months ended 31 March 2014	12 months ended 31 December 2012
Cash flows from operating activities		R	R
Cash (used in)/generated from operations	22	(30,095,652)	131,023,563
Interest income		91,248	65,786
Finance costs		(4,137,565)	(1,597,366)
Tax paid	23	(1,262,879)	(2,216,017)
Net cash from operating activities		**(35,404,848)**	**127,275,966**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(7,634,439)	(12,986,649)
Cash flows from financing activities			
Increase in related party receivable		-	(69,402,734)
Loans to group companies repaid		(65,205)	-
Proceeds from loans from group companies			852,329
Net cash from financing activities		**(65,205)**	**(68,550,405)**
Total cash, cash equivalents and bank overdrafts movement for the period		(43,104,492)	45,738,912
Cash, cash equivalents and bank overdrafts at the beginning of the period		58,548,725	12,809,813
Total cash, cash equivalents and bank overdrafts at end of the perioc	13	**15,444,233**	**58,548,725**

Statement of Cash Flows

	15 months ended 31 March 2014	12 months ended 31 December 2012
Cash flows from operating activities	INR	INR
Cash (used in)/generated from operations	(169,457,500)	845,859,025
Interest income	513,784	424,700
Finance costs	(23,297,100)	(10,312,240)
Tax paid	(7,110,805)	(14,306,114)
Net cash from operating activities	**(199,351,622)**	**821,665,371**
Cash flows from investing activities		
Purchase of property, plant and equipment	(42,986,706)	(83,838,922)
Cash flows from financing activities		
Increase in related party receivable	0	(448,048,638)
Loans to group companies repaid	(367,145)	0
Proceeds from loans from group companies	0	5,502,447
Net cash from financing activities	**(367,145)**	**(442,546,191)**
	0	0
Total cash, cash equivalents and bank overdrafts movement for the period	**(242,705,473)**	**295,280,258**
Cash, cash equivalents and bank overdrafts at the beginning of the period	377,977,566	82,697,308
Forex movement on opening balance	(48,311,322)	
Total cash, cash equivalents and bank overdrafts at end of the period	**86,960,771**	**377,977,566**

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and the 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 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.

Trade receivables and Loans and receivables

The company 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 company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete stock

An allowance is made to write down the stock value to the lower of cost and net realizable value. The write down is included in the Inventory Note.

1.2 Property, plant and equipment

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

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

the cost of the item can be measured reliably. 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 straight line basis over it's expected useful lives to the estimated residual value.

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

1.2 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 and machinery	15 years
Furniture and fixtures	6 years
Motor vehicles	4 - 7 years

IT equipment	3 years

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.

1.3 Financial instruments Classification

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

- Loans and receivables
- 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.

Initial recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date –the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Derecognition

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

1.3 Financial instruments (continued)

Impairment of financial assets

(a) Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after 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 income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Loans to (from) group companies

These include loans to and from holding companies and fellow 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.

Loans to shareholders, directors, managers and employees These financial assets are classified as loans and receivables. 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 recognition.

1.3 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 loss.

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 comprise cash on hand and demand deposits.

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 profit/loss over the term of the borrowings using the effective interest method.

1.4 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).

1.4 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.

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

1.6 Impairment of non-financial assets

The company 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 company estimates the recoverable amount of the asset.

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.

1.6 Impairment of non-financial assets (continued)

The impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill 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.

1.7 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.

1.8 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.

Defined contribution plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company 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 company has no further payment obligations once the contributions have been paid.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.9 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- 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:

- 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
- 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.

Contingent assets and contingent liabilities are not recognised.

1.10 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 company;
- 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.

1.11 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.

1.12 Translation of foreign currencies 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.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 company 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 investee.

The effective date of the standard is for years beginning on or after 01 January 2013. The company has adopted the standard for the first time in the 2014 financial statements. The impact of the standard 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 company 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.

The company 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.

2 New Standards and Interpretations (continued)

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

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 company 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 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 company 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 company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company'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.

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.

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.

IFRS 9 does not allow for investments in equity instruments to be measured at cost.

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.

2 New Standards and Interpretations (continued)

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 company 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 company'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 company 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 company'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 company 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 company's financial statements.

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 company 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 company's financial statements.

2. New Standards and Interpretations (continued)

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:

- 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

- 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 company 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 company'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 company 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 company's financial statements.

3. Risk management Capital risk management

The company's objectives when managing capital are to safeguard the company'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.

In order to maintain or adjust the capital structure, the company 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 company’s activities expose it to a variety of financial risks: market risk including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the company and aggregated by management. Management monitors rolling forecasts of the company’s liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the company’s non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2014	**Less than 1 year**
Trade and other payables	162,743,730.00
Loan from group company	11,059,590.00

At 31 December 2012	**Less than 1 year**
Trade and other payables	263,707,735.00
Loan from group company	11,124,795.00

At 31 March 2014	**Less than 1 year**
Trade and other payables	916,349,831.08
Loan from group company	62,272,466.22

At 31 December 2012	**Less than 1 year**
Trade and other payables	1,702,438,573.27
Loan from group company	71,819,205.94

3. Risk management (continued) Interest rate risk

As the company has no significant interest-bearing assets, the company'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 311,363(2012: R 689,752 INR 4,453,886) 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.

Foreign exchange risk

The company 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 remained constant R Nil (2012: R 369,423 INR 2,384,913), mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables, financial assets at fair value through profit or loss, debt securities classified as available-for-sale and foreign exchange losses or gains on translation of US dollar denominated borrowings.

Foreign currency exposure at the end of the reporting period	**2014**	**2012**
Non current assets		
Uncovered foreign assets USD Nil INR Nil(2012: USD 436,057 INR 23,828,251)	-	3,694,231.00
Current liabilities		
Foreign creditors USD Nil INR Nil(2012: USD Nil INR Nil)	-	-

Exchange rates used for conversion of foreign items were:	**2014**	**2012**
USD	-	8.4719

Price risk

The company is not exposed to price risk.

Foreign currency exposure at the end of the reporting period	**2014**	**2012**
Non current assets		
Uncovered foreign assets USD Nil (2012: USD 436,057)	-	23,849,134.93
Current liabilities		
Foreign creditors USD Nil (2012: USD Nil)	-	-

Exchange rates used for conversion of foreign items were:	**2014**	**2012**
USD	-	

Price risk

The company is not exposed to price risk.

4. Financial assets by category

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

2014

	Loans and receivables	**Total**
Related party receivables	97,009,052.00	97,009,052.00
Trade and other receivables	10,453,496.00	10,453,496.00
Cash and cash equivalents	15,444,233.00	15,444,233.00
	122,906,781.00	**122,906,781.00**

2012

	Loans and receivables	**Total**
Related party receivable	69,402,734.00	69,402,734.00
Trade and other receivables	85,581,147.00	85,581,147.00
Cash and cash equivalents	58,548,725.00	58,548,725.00
	213,532,606.00	**213,532,606.00**

2014

	Loans and receivables	**Total**
Related party receivables	546,222,139.64	546,222,139.64
Trade and other receivables	58,859,774.77	58,859,774.77
Cash and cash equivalents	86,960,771.40	86,960,771.40
	692,042,685.81	692,042,685.81

2012

	Loans and receivables	**Total**
Related party receivable	448,048,637.83	448,048,637.83
Trade and other receivables	552,492,879.28	552,492,879.28
Cash and cash equivalents	377,977,566.17	377,977,566.17
	1,378,519,083.28	1,378,519,083.28

5. Financial liabilities by category

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

2014

	Financial liabilities at amortised cost	**Total**
Loans from group companies	11,059,590.00	11,059,590.00

2014 INR

	Financial liabilities at amortised cost	**Total**
Loans from group companies	62,272,466.22	62,272,466.22

Trade and other payables	14,185,046.00	14,185,046.00
Related party payables	148,516,756.00	148,516,756.00
	173,761,392.00	**173,761,392.00**

Trade and other payables	79,870,754.50	79,870,754.50
Related party payables	836,242,995.50	836,242,995.50
	978,386,216.22	978,386,216.22

2012

	Financial liabilities at amortised cost	Total
Loans from group companies	11,124,795.00	11,124,795.00
Trade and other payables	32,665,137.00	32,665,137.00
Related parties	231,042,598.00	231,042,598.00
	274,832,530.00	

2012 INR

	Financial liabilities at amortised cost	Total
Loans from group companies	71,819,205.94	71,819,205.94
Trade and other payables	210,878,870.24	210,878,870.24
Related parties	1,491,559,703.03	1,491,559,703.03
	1,774,257,779.21	1,774,257,779.21

6. Property, plant and equipment

	2014			2012		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	23,382,200.00	-2,422,050.00	20,960,150.00	10,796,940.00	-446,613.00	10,350,327.00
Furniture and fixtures	193,597.00	-136,828.00	56,769.00	173,815.00	-117,785.00	56,030.00
Motor vehicles	154,261.00	-75,169.00	79,092.00	128,860.00	-42,954.00	85,906.00
IT equipment	96,987.00	-87,969.00	9,018.00	102,045.00	-60,812.00	41,233.00
Capital work in progress	-	-	-	4,990,946.00	-	4,990,946.00
Total	**23,827,045.00**	**-2,722,016.00**	21,105,029.00	**16,192,606.00**	**-668,164.00**	15,524,442.00

6. Property, plant and equipment

INR

	2014			2012		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	131,656,531.53	-13,637,668.92	118,018,862.61	69,702,646.87	-2,883,234.34	66,819,412.52
Furniture and fixtures	1,090,073.20	-770,427.93	319,645.27	1,122,111.04	-760,393.80	361,717.24
Motor vehicles	868,586.71	-423,248.87	445,337.84	831,891.54	-277,301.48	554,590.06
IT equipment	546,097.97	-495,320.95	50,777.03	658,779.86	-392,588.77	266,191.09
Capital work in progress	-	-	-	32,220,438.99	-	32,220,438.99
Total	134,161,289.41	-15,326,666.67	118,834,622.75	104,535,868.30	-4,313,518.40	100,222,349.90

Reconciliation of property, plant and equipment - 2014

	Opening balance	**Additions**	**Transfers**	**Depreciation**	**Closing balance**
Plant and machinery	10,350,327.00	7,594,314.00	4,990,946.00	-1,975,437.00	20,960,150.00
Furniture and fixtures	56,030.00	21,820.00	-	-21,081.00	56,769.00
Motor vehicles	85,906.00	18,305.00	-	-25,119.00	79,092.00
IT equipment	41,233.00	-	-	-32,215.00	9,018.00
Capital work in progress	4,990,946.00	-	-4,990,946.00	-	-
	15,524,442.00	**7,634,439.00**	-	-2,053,852.00	21,105,029.00

Reconciliation of property, plant and equipment - 2014

INR

	Opening balance	**Additions**	**Transfers**	**Depreciation**	**Closing balance**
Plant and machinery	58,278,868	42,760,777	28,102,173	-11,122,956	118,018,863
Furniture and fixtures	315,484	122,860	-	-118,699	319,645
Motor vehicles	483,705	103,069	-	-141,436	445,338
IT equipment	232,168	-	-	-181,391	50,777
Capital work in progress	28,102,173	-	-28,102,173	-	-
	87,412,399	**42,986,706**	**-**	**-11,564,482**	**118,834,623**

Reconciliation of property, plant and equipment - 2012

	Opening balance	**Additions**	**Transfers**	**Depreciation**	**Closing balance**
Plant and machinery	-	-	10,796,940	-446,613	10,350,327
Furniture and fixtures	15,188	55,375	-	-14,533	56,030
Motor vehicles	111,678	-	-	-25,772	85,906
IT equipment	27,734	34,500	-	-21,001	41,233
Capital work in progress	2,891,112	12,896,774	-10,796,940	-	4,990,946
	3,045,712	**12,986,649**	-	**-507,919**	**15,524,442**

Reconciliation of property, plant and equipment - 2012

INR

	Opening balance	**Additions**	**Transfers**	**Depreciation**	**Closing balance**
Plant and machinery	-	-	69,702,647	-2,883,234	66,819,413
Furniture and fixtures	98,050	357,489	-	-93,822	361,717
Motor vehicles	720,968	-	-	-166,378	554,590
IT equipment	179,045	222,724	-	-135,578	266,191
Capital work in progress	18,664,377	83,258,709	-69,702,647	-	32,220,439
	19,662,440	**83,838,922**	**-**	**-3,279,012**	**100,222,350**

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.

7. Loans to (from) group companies Fellow subsidiaries			**2014 INR**	**2012 INR**
Ranbaxy Netherlands BV incorporated in the Netherlands	-11,059,590	-11,124,795	-62,272,466	-71,819,206

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

	15 months ended 31 March 2014	**12 months ended 31 December 2012**	**INR**	**INR**
8. Deferred income tax				
Deferred tax asset				
Accelerated capital allowances for tax purposes	1,243,904.00	1,174,815.00	7,003,963.96	7,584,344.74
Reconciliation of deferred tax asset (liability)				
At beginning of the year	1,174,815.00	-	6,614,949.32	-
Credited to statement of profit and loss and other comprehensive income	69,089.00	1,174,815.00	389,014.64	7,584,344.74
	1,243,904.00	**1,174,815.00**	**7,003,963.96**	**7,584,344.74**

9. Retirement benefits

Defined contribution plan

It is policy of the company to provide retirement benefits to all its full-time employees. A defined contribution pension fund, which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded both by member and by company contributions which are charged to profit or loss as they are incurred. The total company contribution to the scheme in the current year was R 261,520 (2012: R 184,815).

10. Related party receivable (non-current)			**INR**	**INR**
Be-Tabs Pharmaceuticals Proprietary Limited	-	69,402,734.00	0	448,048,638

11. Inventories

	5,888,423.00	34,131,800.00	33,155,534.91	220,347,320.85
Raw materials, components	10,484,605.00	4,206,628.00	59,034,938.06	27,157,056.17
Finished goods	1,657,356.00	330,653.00	9,331,959.46	2,134,622.34
Goods in transit	**18,030,384.00**	**38,669,081.00**	**101,522,432.43**	**249,638,999.35**

12. Trade and other receivables

Trade receivables	16,234,497.00	85,767,402.00	91,410,456.08	553,695,300.19
Impairment on trade receivables	-5,781,001.00	-4,850,246.00	-32,550,681.31	-31,312,111.04
	10,453,496.00	80,917,156.00	58,859,774.77	522,383,189.15
Employee costs in advance	31,000.00	354,006.00	174,549.55	2,285,384.12
Prepayments	45,516.00	166,599.00	256,283.78	1,075,526.15
VAT	11,491,054.00	6,684,610.00	64,701,880.63	43,154,357.65
Advance to suppliers	-	4,300,051.00	-	27,760,174.31
Receivables from related parties	97,009,052.00	-	546,222,139.64	-
Other receivables	-	9,933.00	-	64,125.24
	119,030,118.00	**92,432,355.00**	**670,214,628.38**	**596,722,756.62**

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, R 5,964,201 (2012: R 20,656,769) were past due but not impaired.

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The ageing of amounts past due but not impaired is as follows:			INR	INR
0 - 30 days past due	193,986.00	4,768,248.00	1,092,263.51	30,782,750.16
31 - 120 days past due	1,035,880.00	6,398,173.00	5,832,657.66	41,305,183.99
121 - 150 days past due	742,009.00	1,483,789.00	4,177,978.60	9,579,012.27
More than 151 days past due	3,992,326.00	8,006,559.00	22,479,313.06	51,688,566.82
	5,964,201.00	**20,656,769.00**	**33,582,212.84**	**133,355,513.23**

13. Cash and cash equivalents

For the purpose of the statement of cash flows, cash, cash equivalents include total cash assets less bank overdrafts:

Bank balances	15,444,233.00	58,548,725.00	86,960,771	377,977,566

14. Share capital

Authorised				
1 000 Ordinary shares of R1 each			1,000	1,000

All issued shares are fully paid up.

Issued				
500 Ordinary shares of R1 each	500	500	3,367	3,367
Share premium	2,000,000	2,000,000	12,995,452	12,995,452
	2,000,500	**2,000,500**		

15. Trade and other payables

Trade payables	522,582.00	7,267,304.00	2,942,466.22	46,916,100.71
Payables to related parties	148,516,756.00	231,042,598.00	836,242,995.50	1,491,559,703.03
Other accrued expenses	41,928.00	230,561.00	236,081.08	1,488,450.61
Other payables	13,662,464.00	25,167,269.00	76,928,288.29	162,474,299.55
	162,743,730.00	**263,707,732.00**	**916,349,831.08**	**1,702,438,553.91**

16. Revenue

Sale of goods	370,716,966.00	458,176,855.00	2,223,857,024.60	2,984,865,504.89

17. Cost of sales

Sale of goods				
Cost of goods sold	335,024,565.00	391,651,339.00	2,009,745,440.91	2,551,474,521.17

18. Expenses by nature

Raw materials, components and finished goods purchased	335,024,565.00	391,651,339.00	2,009,745,440.91	2,551,474,521.17
Advertising costs	169,922.00	269,292.00	1,019,328.13	1,754,345.28
Auditors remuneration	132,000.00	111,541.00	791,841.63	726,651.47
Bad debts written off	930,755.00	4,492,412.00	5,583,413.32	29,266,527.69
Depreciation	2,053,852.00	507,919.00	12,320,647.87	3,308,918.57
Distribution charges	13,862,540.00	24,597,560.00	83,158,608.28	160,244,690.55
Employee Costs	5,326,325.00	4,295,590.00	31,951,559.69	27,984,299.67
Other expenses	2,972,375.00	2,019,243.00	17,830,683.86	13,154,677.52
Profit and loss on exchange differences	764,418.00	1,771,983.00	4,585,590.88	11,543,863.19
Royalties charges paid	4,109,384.00	8,332,213.00	24,651,373.73	54,281,517.92

Total cost of sales, distribution costs and administrative expenses	**365,346,136.00**	**438,049,092.00**	**2,191,638,488.30**	**2,853,740,013.03**

19. Finance income

Finance income				
Bank	91,248	65,786	547,379	428,573

20. Finance costs

Group companies	4,137,565	1,597,366	24,820,426	10,406,293

21. Income tax expense

Major components of the income tax expense Current				
Local income tax - current period	439,953	317,147	2,639,190	2,066,104
Deferred				
Deferred tax movement - current	-69,089	-	-414,451	0
	370,864	**317,147**	**2,224,739**	**2,066,104**

Reconciliation of the income tax expense

Reconciliation between accounting profit and income tax expense.

Accounting profit	1,324,513.00	18,596,183.00	7,945,488.90	121,147,771.99
			-	-
Tax at the applicable tax rate of 28% (2011: 28%)	370,864.00	5,206,931.00	2,224,739.05	33,921,374.59
			0	-
Tax effect of adjustments on taxable income			0	-
Royalty	-	-2,093,333.00	-	-13,637,348.53
Tax losses carried forward	-	-2,796,451.00	-	-18,217,921.82
	370,864.00	**317,147.00**	**2,224,739.05**	**2,066,104.23**

22. Cash (used in)/generated from operations

Profit before taxation	1,324,513.00	18,596,183.00	7,457,843.47	120,052,827.63
Adjustments for:			-	-
Depreciation and amortisation	2,053,852.00	507,919.00	11,564,481.98	3,279,012.27
Interest received	-91,248.00	-65,786.00	-513,783.78	-424,699.81
Finance costs	4,137,565.00	1,597,366.00	23,297,100.23	10,312,240.15
Changes in working capital:			0	-
Inventories	20,638,697.00	40,048,749.00	116,208,879.50	258,545,829.57
Trade and other receivables	-26,597,763.00	-2,548,358.00	-149,762,179.05	-16,451,633.31
Trade and other payables	-100,964,002.00	72,887,490.00	-568,491,002.25	470,545,448.68
Related party receivable (non-current)	69,402,734.00	-	390,781,159.91	-
	-30,095,652.00	**131,023,563.00**	**-169,457,500.00**	**845,859,025.18**

23. Tax paid

Balance at beginning of the period	1,663,121.00	-235,749.00	9,364,420.05	-1,521,943.19
Current tax for the period recognised in profit or loss	-439,953.00	-317,147.00	-2,477,212.84	-2,047,430.60
Balance at end of the period	-2,486,047.00	-1,663,121.00	-13,998,012.39	-10,736,739.83
	-1,262,879.00	**-2,216,017.00**	**-7,110,805.18**	**-14,306,113.62**

24. Related parties

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Relationships
Ultimate holding company Daiichi Sankyo Co. Limited
Holding company Ranbaxy South Africa Proprietary Limited
Fellow subsidiaries Be-Tabs Pharmaceuticals Proprietary Limited Be-Tabs Investments Proprietary Limited Ranbaxy Netherlands BV
Ranbaxy Laboratories Limited
Shareholders MC Segoneco
Community Investment Pharmaceuticals Proprietary Limited
Ranbaxy South Africa Proprietary Limited
Directors R Chakravanti
MJ Madungandaba A Madan
M Lotz
I Banerjee
M Bharadwaj

Related party balances

Loan accounts - Owing to related parties				
Ranbaxy Netherlands BV	11,059,590.00	11,124,795.00	62,272,466.22	71,819,205.94

Amounts included in Trade receivable (Trade Payable) regarding related parties				
Be-Tabs Pharmaceuticals Proprietary Limited	96,871,095.00	69,402,734.00	545,445,354.73	448,048,637.83
Ranbaxy South Africa Proprietary Limited	-30,237,259.00	-73,071,079.00	-170,254,836.71	-471,730,658.49
Ranbaxy South Africa Proprietary Limited	137,957.00	-	776,784.91	-
Ranbaxy Laboratories Limited	-64,897,268.00	-154,761,465.00	-365,412,545.05	-999,105,648.81
Be-Tabs Pharmaceuticals Proprietary Limited	-53,382,229.00	-3,558,012.00	-300,575,613.74	-22,969,735.31
	-51,507,704.00	**-161,987,822.00**	**-290,020,855.86**	**-1,045,757,404.78**

Related party transactions

Interest paid to (received from) related parties				
Ranbaxy South Africa Proprietary Limited	3,077,975.00	750,079.00	18,464,157.17	4,886,508.14
Ranbaxy Netherlands BV	1,059,590.00	852,328.00	6,356,268.75	5,552,625.41
	4,137,565.00	**1,602,407.00**	**24,820,425.91**	**10,439,133.55**

24. Related parties (continued)

Purchases from (sales to) related parties				
Be-Tabs Pharmaceuticals Proprietary Limited	-87,387,473.00	-91,427,804.00	-524,219,994.00	-595,620,872.96
Be-Tabs Pharmaceuticals Proprietary Limited	162,204,987.00	88,875,343.00	973,035,314.94	578,992,462.54
Ranbaxy South Africa Proprietary Limited	-23,441.00	43,976,167.00	-140,617.88	286,489,687.30

Ranbaxy Laboratories Limited	91,946,008.00	185,205,986.00	551,565,734.85	1,206,553,654.72
	166,740,081.00	**226,629,692.00**	**1,000,240,437.91**	**1,476,414,931.60**

25. Directors' emoluments

Emoluments of R 1,689,061 (2012: R 1,680,841) were paid to directors holding a prescribed office during the 15 months.

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 have a material impact on the position as at 31 March 2014.

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]