Be-Tabe Investments Proprietary Limited

(Registration number 1993/003349/07)
Annual Financial Statements
for the year ended 31 March 2016

Deloitte

General Information

Country of incorporation and domicile	South Africa
Director	D Brothers
Registered office	121 Boshoff Street New Muckleneuk Pretoria 0181
Business address	14 Lautre Road Stormill Ext 1 Roodepoort 1742
Postal address	PO Box 43486 Industria 2042
Holding company	Ranbaxy Pharmaceuticals Proprietary Limited Incorporated in Republic of South Africa
Ultimate holding company	Sun Pharmaceutical Industries Limited Incorporated in India
Auditors	Deloitte Chartered Accountants (S.A.)
Secretary	Grant Thornton
Company registration number	1993/003349/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: F Cooper Chartered Accountant (S.A.)

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

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Directors' Responsibilities and Approval

The director is required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year 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 annual financial statements.

The annual 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 director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the board 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 director is 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page s 4 to 5.

The annual financial statements set out on pages 6 to 22 were approved by the board on ________________ and were signed on their behalf by:

____

D Brothers

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Deloitte & Touche
Registered Auditors
Audit - Gauteng

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF BE-TABS INVESTMENTS PROPRIETARY LIMITED

We have audited the financial statements of Be-Tabs Investments Proprietary Limited set out on pages 6 to 22, which comprise the statements of financial position as at 31 March 2016, 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 audited financial statements in accordance with International Financial Reporting Standards and requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the audited financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these audited 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 audited financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the audited financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the audited financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the audited 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the audited 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 audited financial statements present fairly, in all material respects, the financial position of Be-Tabs Investments Proprietary Limited as at 31 March 2016, and its changes in equity, 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 2016 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 the report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on the report.

Deloitte & Touche
Registered Auditor
Per: Marcus Bardopoulos
31 August 2016

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Directors' Report

The director has pleasure in submitting his report on the annual financial statements of Be-Tabs Investments Proprietary Limited for the year ended 31 March 2016.

1. Nature of business

Be-Tabs Investments Proprietary Limited was incorporated in South Africa and is engaged in holding investment property for the purpose of earning rental income. The company operates principally in South Africa. All the Investment property within the company has been transfered to the immediate holding company Ranbaxy Pharmaceuticals (Pty) Ltd, resulting in the entity being semi-dormant.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Stated capital

There have been no changes to the authorised or issued stated capital during the year under review.

4. Dividends

Given the current state of the global economic environment, the board believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board has not declared a dividend for the financial year ended 31 March 2016.

5. Directorate

The director in office at the date of this report are as follows:

Director	Nationality
D Brothers	South African

There have been no other changes to the directorate for the year under review.

6. Holding company

The company's holding company is Ranbaxy Pharmaceuticals Proprietary Limited incorporated in Republic of South Africa.

7. Ultimate holding company

The company's ultimate holding company is Sun Pharmaceutical Industries Limited which is incorporated in India.

8. Events after the reporting period

The director is not aware of any material event which occurred after the reporting date and up to the date of this report.

9. Auditors

Deloitte were appointed as auditors for the company for 2016.

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Directors' Report

10. Secretary

The company secretary functions are performed by Grant Thornton.

Business address

121 Boshoff Street
New Muckleneuk
Pretoria
0181

11. Liquidity and solvency

Based on the statement of financial position the company is liquid and solvent.

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Statement of Financial Position as at 31 March 2016

Figures in Rand	Notes	2016	2015
Assets			
Current Assets			
Loans to group companies	3	2 768 477	3 210 344
Trade and other receivables	5	-	266 022
Cash and cash equivalents	6	784 300	567 782
		3 552 777	4 044 148
Equity and Liabilities			
Equity			
Stated capital	7	200	200
Retained income		3 550 563	3 558 073
		3 550 763	3 558 273
Liabilities			
Current Liabilities			
Trade and other payables	9	2 014	68 700
Current tax payable		-	417 175
		2 014	485 875
Total Equity and Liabilities		3 552 777	4 044 148

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2016	2015
Other income		68 700	-
Operating expenses		(211 343)	(10 728)
Operating loss		(142 643)	(10 728)
Investment revenue	10	-	387
Loss before taxation		(142 643)	(10 341)
Taxation	11	135 133	-
Loss for the year		(7 510)	(10 341)
Other comprehensive loss		-	-
Total comprehensive loss income for the year		(7 510)	(10 341)

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Statement of Changes in Equity

Figures in Rand	Stated capital	Retained income	Total equity
Balance at 01 April 2014	200	3 568 414	3 568 614
Loss for the year	-	(10 341)	(10 341)
Other comprehensive loss	-	-	-
Total comprehensive Loss for the year	-	(10 341)	(10 341)
Balance at 01 April 2015	200	3 558 073	3 558 273
Loss for the year	-	(7 510)	(7 510)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	-	(7 510)	(7 510)
Balance at 31 March 2016	200	3 550 563	3 550 763
Notes	7		

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Statement of Cash Flows

Figures in Rand	Notes	2016	2015
Cash flows from operating activities			
Net Cash used in operations	12	56 693	(10 487)
Interest income		-	387
Tax paid	13	(282 042)	-
Net cash used from operating activities		(225 349)	(10 100)
Cash flows from investing activities			
Decrease in loans from group companies		441 867	290 368
Net cash from investing activities		441 867	290 368
Total cash movement for the year		216 518	280 268
Cash at the beginning of the year		567 782	287 514
Total cash at end of the year	6	784 300	567 782

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The annual 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 annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgements include:

Impairment testing

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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 statement of profit and loss and other comprehensive income. 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 statement of profit and loss and other comprehensive income.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

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Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables

The company assesses its trade 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.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance is made for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company 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.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

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Accounting Policies

1.2 Financial Instruments (continued)

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates 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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand.

1.3 Tax

Current tax assets and liabilities

Current 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 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.

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, to other comprehensive income, or
- a business combination.

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

1.4 Impairment of 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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Accounting Policies

1.4 Impairment of assets (continued)

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 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 other than goodwill 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 other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.5 Stated 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.

1.6 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

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Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and Interpretations effective and adopted in the current year

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

Amendment to IAS 19: Defined Benefit Plans: Employee Contributions

The amendment relates to contributions received from employees or third parties for defined benefit plans. These contributions could either be discretionary or set out in the formal terms of the plan. If they are discretionary then they reduce the service cost. Those which are set out in the formal terms of the plan are either linked to service or not. When they are not linked to service then the contributions affect the remeasurement. When they are linked to service and to the number of years of service, they reduce the service cost by being attributed to the periods of service. If they are linked to service but not to the number of years' service then they either reduce the service cost by being attributed to the periods of service or they reduce the service cost in the period in which the related service is rendered.

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

The company has adopted the amendment for the first time in the 2016 annual financial statements.

No impact of this amendment in the current year.

Amendment to IFRS 13: Fair Value Measurement: Annual Improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

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

The company has adopted the amendment for the first time in the 2016 annual financial statements.

No impact of this amendment in the current year.

Amendment to IAS 24: Related Party Disclosures: Annual Improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

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

The company has adopted the amendment for the first time in the 2016 annual financial statements.

No impact of this amendment in the current year.

Amendment to IAS 16: Property, Plant and Equipment: Annual Improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

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

The company has adopted the amendment for the first time in the 2016 annual financial statements.

No impact of this amendment in the current year.

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Amendment to IAS 40: Investment Property: Annual Improvements project

2. New Standards and Interpretations (continued)

The amendment requires an entity to determine whether the acquisition of investment property is the acquisition of an asset or a business combination, in which case the provisions of IFRS 3 Business Combinations applies.

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

The company has adopted the amendment for the first time in the 2016 annual financial statements.

No impact of this amendment in the current year.

2.2 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 April 2016 or later periods:

Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project

The amendment clarifies that non-current assets held for distribution to owners should be treated consistently with non-current assets held for sale. It further specifies that if a non-current asset held for sale is reclassified as a non-current asset held for distribution to owners or visa versa, that the change is considered a continuation of the original plan of disposal.

The effective date of the company is for years beginning on or after 01 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the company is for years beginning on or after 01 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Amendment to IAS 19: Employee Benefits: Annual Improvements project

The amendment clarifies that when a discount rate is determined for currencies where there is no deep market in high quality corporate bonds, then market yields on government bonds in that currency should be used.

The effective date of the company is for years beginning on or after 01 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its annual financial statements. It also provides amended guidance concerning the order of presentation of the notes in the annual financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

Notes to the Annual Financial Statements

2. **New Standards and Interpretations (continued)**

The effective date of the company is for years beginning on or after 01 January 2016.

The company expects to adopt the amendment for the first time in the 2017 annual financial statements.

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

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 annual financial statements.

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

The aggregate impact of the initial application of the statements and interpretations on the company's annual financial statements is expected to be as follows:

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015

3. Loans to group companies

Holding company

Ranbaxy Pharmaceuticals Proprietary Limited	2 768 477	3 210 344

The loan is unsecured and interest free, and no fixed term of repayment.

4. Financial assets by category

Financial assets are not measured at fair value, the carrying value approximates fair value. All fair value measurement are recurring fair value measurements.

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

2016

	Loans and receivables	Total
Loans to group companies	2 768 477	2 768 477
Cash and cash equivalents	784 300	784 300
	3 552 777	3 552 777

2015

	Loans and receivables	Total
Loans to group companies	3 210 344	3 210 344
Cash and cash equivalents	567 782	567 782
	3 778 126	3 778 126

5. Trade and other receivables

Deposits	-	59 216
VAT	-	206 806
	-	266 022

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	784 300	567 782

7. Stated capital

Authorised		
1000 Ordinary shares of R1 each	1 000	1 000
Issued		
200 Ordinary shares of R1 each	200	200

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015

8. Financial liabilities by category

Financial liabilities are not measured at fair value, the carrying value approximates fair value. All fair value measurements are recurring fair value measurements.

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

2016

	Financial liabilities at amortised cost	Total
Trade and other payables	1	1

2015

	Financial liabilities at amortised cost	Total
Trade and other payables	68 700	68 700

9. Trade and other payables

	2016	2015
Trade payables	-	68 700
VAT	2 014	-
	2 014	68 700

10. Investment revenue

	2016	2015
Interest revenue		
Bank	-	387

11. Taxation

Major components of the tax expense (income)

	2016	2015
Current		
Local income tax - current period	(135 133)	-

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2016	2015
Accounting profit (loss)	(142 643)	(10 341)
Tax at the applicable tax rate of 28% (2015: 28%)	(39 940)	(2 895)
Tax effect of adjustments on taxable income		
Prior period adjustments	(95 193)	2 895
	(135 133)	-

There is no estimated tax loss available for set off against future taxable income.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
12. Cash generated from operations		
Profit (loss) before taxation	(142 643)	(10 341)
Adjustments for:		
Interest received - investment	-	(367)
Changes in working capital:		
Trade and other receivables	266 022	241
Trade and other payables	(66 686)	-
	56 693	(10 467)
13. Tax paid		
Balance at beginning of the year	(417 175)	(417 175)
Current tax for the year recognised in profit or loss	135 133	-
Balance at end of the year	-	417 175
	(282 042)	-

14. Related parties

Relationships

Ultimate holding company	Sun Pharmaceutical Industries Limited
Holding company	Ranbaxy Pharmaceuticals Proprietary Limited (Erstwhile Be-Tabs Pharmaceuticals (Pty) Ltd)

Related party balances

	2016	2015
Loans to related parties		
Ranbaxy Pharmaceuticals Proprietary Limited	2 768 477	3 210 344

15. Prescribed officers

Executive

2016

	Remuneration excl bonus and post retirement	Post retirement benefits	Total
Director A	2 329 185	130 189	2 459 374

2015

	Remuneration excl bonus and post retirement	Post retirement benefits	Bonus	Total
Director A	2 147 312	150 429	297 500	2 595 241

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16. Risk management

Liquidity risk

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

The table below analysis the company's 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 below are the contractual undiscounted cash flows.

At 31 March 2015

	Less than 1 year
Trade and other payables	68 700

Interest rate risk

The company has interest bearing assets in the form of cash balances at year end, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's interest rate risk arises from long-term borrowings, from related party borrowing within the group. These borrowing accrue interest at 8.5%.

At 31 March 2016, if interest rates on Rand-denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the 12 months would have been R 50,000 (2015: R 50,000) 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. The company only deposits cash with major banks with high quality credit standing and limits exposure to one counter-party (Ranbaxy Pharmaceuticals (Pty) Ltd).

17. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year, which might have a material impact on the reported results.

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