

**Ranbaxy South Africa (Pty) Ltd**  
(Registration Number 1993/001413/07)  
Consolidated and Separate Annual Financial Statements  
for the year ended 31 March 2020

**Audited Financial Statements**  
in compliance with Companies Act of South Africa

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Annual Financial Statements for the year ended 31 March 2020

## Index

General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Report of the Compiler	9
Statements of Financial Position	10
Statements of Profit or Loss and Other Comprehensive Income	11
Statements of Changes in Equity - Group	12
Statements of Changes in Equity - Company	13
Statements of Cash Flows	14
Accounting Policies	15 - 36
Notes to the Consolidated and Separate Financial Statements	37 - 61

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Annual Financial Statements for the year ended 31 March 2020

## General Information

---

<b>Country of Incorporation and Domicile</b>	South Africa
<b>Registration Number</b>	1993/001413/07
<b>Nature of Business and Principal Activities</b>	Import, marketing, manufacturing and trade of pharmaceutical goods and services
<b>Directors</b>	DW Brothers A Ajoodha UK Maini (Appointed 14 February 2020) M Kaszas (Resigned 14 February 2020)
<b>Ultimate Holding Company</b>	Sun Pharmaceuticals Industries Limited Incorporated in India
<b>Holding Company</b>	Sun Pharma (Netherlands) BV incorporated in Netherlands
<b>Registered Office</b>	Ground Floor, Tugela House, Riverside Office Park 1303 Heuwel Avenue Centurion Gauteng 0046
<b>Postal Address</b>	P O Box 14058 Centurion Gauteng 0046
<b>Level of Assurance</b>	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
<b>Auditors</b>	Ernst & Young Inc.
<b>Company Secretary</b>	Grant Thornton
<b>Compilers</b>	MFS Audit Tax & Advisory Inc

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Annual Financial Statements for the year ended 31 March 2020

## Directors' Responsibilities and Approval

---

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the Group, and explain the transactions and financial position of the business of the Group at the end of the financial year. The consolidated and separate annual financial statements are based upon appropriate accounting policies consistently applied throughout the Group 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 set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Group will not be a going concern in the foreseeable future. The consolidated and separate financial statements support the viability of the Group.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditors and their unqualified audit report is presented on pages 6 to 8.

The consolidated and separate annual financial statements set out on pages 10 to 60 which have been prepared on the going concern basis, were approved by the directors and were signed on 24 June 2020 on their behalf by:

---

DW Brothers

---

A Ajoodha

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Annual Financial Statements for the year ended 31 March 2020

## Directors' Report

---

The directors present their report for the year ended 31 March 2020.

### 1. Review of financial results and activities

#### Main business and operations

The principal activity of the Group is import, marketing, manufacturing and trade of pharmaceutical goods and services. There were no major changes herein during the year.

The Group and company generated a profit after tax for the year ended 31 March 2020 of R12,325,739 (2019: loss of R23,593,578) and R18,534,107 (2019: loss of R70 383 321) respectively.

Group revenue decreased from R1,544,350,885 in the prior year to R808,319,239 and company revenue decreased from R309,344,614 in the prior year to R302,008,492 for the year ended 31 March 2020.

Group cash flows from operating activities changed from an inflow of R196,821,325 in the prior year to an outflow of R11,555,167 and company cash flows from operating activities decreased from an inflow of R113 726 565 in the prior year to an inflow of R46 246 322 for the year ended 31 March 2020.

### 2. Going concern

The consolidated and separate annual 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 reporting date

Management has assessed the impact of the COVID 19 on South Africa and Global counter parts, in relation to Supply chain, Sales, Logistics, Human Resources and Operations.

Management has not identified a material impact on the company as a result of the aforementioned Pandemic and is able to manufacture and import pharmaceutical goods at acceptable levels based on expectations, orders have increased due to additional demand on certain product lines, however this is expected to be more of a cyclical movement, due to change in end customer behavior. No material impact is expected on customer collections due to COVID19, collections have remained timely during the period up and until the date of sign-off.

Thus, based on management's assessment, there is no material impact arising from the Pandemic that would have an impact on the Financial Year results or subsequent to it, up and until the date of sign-off.

### 4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

### 5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Annual Financial Statements for the year ended 31 March 2020

## Directors' Report

---

### 6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

### 7. Directors

The directors of the company during the year and up to the date of this report are as follows:

DW Brothers

A Ajoodha

UK Maini (Appointed 14 February 2020)

M Kaszas (Resigned 14 February 2020)

### 8. Secretary

The Group's designated secretary is Grant Thornton.

### 9. Independent Auditors

Ernst & Young Inc. were the independent auditors for the year under review.

## **Independent Auditor's Report**

To the Shareholders of Ranbaxy South Africa Proprietary Limited

### **Report on the Audit of the Consolidated and Separate Financial Statements**

#### *Opinion*

We have audited the consolidated and separate financial statements of Ranbaxy South Africa Proprietary set out on pages 10 to 61 which comprise the consolidated and separate statements of financial position as at 31 March 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Ranbaxy South Africa Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the directors report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Consolidated and Separate Financial Statements*

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

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

#### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Suren Naidoo*

Director

Registered Auditor

24 June 2020

102 Rivonia Road

Sandton  
2196



## AUDIT TAX & ADVISORY INC.

Chartered Accountants (SA)  
Registered Auditors

Building 2, Woodmead Country Club Estate  
21 Woodlands Drive, Woodmead, Johannesburg, 2052  
T: 011 258 8681, E: [info@mfsinc.co.za](mailto:info@mfsinc.co.za)  
[www.mfsinc.co.za](http://www.mfsinc.co.za)

### Report of the Compiler

---

#### To the Directors of Ranbaxy South Africa (Pty) Ltd

We have compiled the accompanying consolidated and separate financial statements of Ranbaxy South Africa (Pty) Ltd based on information you have provided. These financial statements comprise the statements of financial position of Ranbaxy South Africa (Pty) Ltd as at 31 March 2020, the statements of profit or loss and other comprehensive income, the statements of changes in equity - group, the statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated and separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated and separate financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards.

**24 June 2020**

---

**MFS Audit Tax and Advisory Inc**  
**Partner: Muhammad Moolla**  
**Chartered Accountant (SA)**

**Building 2, 21 Woodlands Drive**  
**Woodmead Country Club Estate**  
**Woodmead**  
**2052**

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Statements of Financial Position

Figures in R	Notes	Group 2020	Group 2019	Company 2020	Company 2019
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	6,558,698	808,417	6,558,532	804,474
Intangible assets	5	-	26,651	-	26,651
Deferred tax assets	8	10,831,767	7,513,220	2,648,578	1,688,693
Investment in subsidiaries	10	-	-	905,342	905,342
<b>Total non-current assets</b>		<b>17,390,465</b>	<b>8,348,288</b>	<b>10,112,452</b>	<b>3,425,160</b>
<b>Current assets</b>					
Inventories	6	164,363,716	343,255,914	87,673,056	171,035,009
Trade and other receivables	7	135,338,954	528,845,549	75,072,350	139,116,731
Current tax assets	9	6,439,939	-	4,966,242	4,326,672
Loan to shareholder	11	27,945	27,945	27,945	27,945
Cash and cash equivalents	12	142,690,141	155,678,168	83,302,829	38,489,367
<b>Total current assets</b>		<b>448,860,695</b>	<b>1,027,807,576</b>	<b>251,042,422</b>	<b>352,995,724</b>
<b>Total assets</b>		<b>466,251,160</b>	<b>1,036,155,864</b>	<b>261,154,874</b>	<b>356,420,884</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Issued capital	13	17,511,923	17,511,923	17,511,923	17,511,923
Other equity interest		(211,831)	(211,831)	-	-
Retained income		188,415,376	178,036,370	72,387,751	53,853,644
<b>Total equity attributable to owners of the parent</b>		<b>205,715,468</b>	<b>195,336,462</b>	<b>89,899,674</b>	<b>71,365,567</b>
Non-controlling interests		22,403,041	25,898,084	-	-
<b>Total equity</b>		<b>228,118,509</b>	<b>221,234,546</b>	<b>89,899,674</b>	<b>71,365,567</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Right of Use Lease Liability	15	3,879,959	-	3,879,959	-
<b>Current liabilities</b>					
Trade and other payables	14	230,306,941	812,743,970	163,429,490	285,055,317
Current tax liabilities	9	-	2,177,348	-	-
Right of Use Lease Liability	15	3,945,751	-	3,945,751	-
<b>Total current liabilities</b>		<b>234,252,692</b>	<b>814,921,318</b>	<b>167,375,241</b>	<b>285,055,317</b>
<b>Total liabilities</b>		<b>238,132,651</b>	<b>814,921,318</b>	<b>171,255,200</b>	<b>285,055,317</b>
<b>Total equity and liabilities</b>		<b>466,251,160</b>	<b>1,036,155,864</b>	<b>261,154,874</b>	<b>356,420,884</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Statements of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	Group 2020	Group 2019	Company 2020	Company 2019
Revenue	16	808,319,239	1,544,350,885	302,008,492	309,044,614
Cost of sales	17	(636,223,429)	(1,388,795,575)	(173,914,677)	(280,704,591)
<b>Gross profit</b>		<b>172,095,810</b>	<b>155,555,310</b>	<b>128,093,815</b>	<b>28,340,023</b>
Other income		310,960	1,803,907	91,479	(201,586)
Distribution costs		(19,777,489)	(44,469,144)	(9,550,874)	(12,172,800)
Administrative expenses	18	(12,075,167)	(16,136,536)	(9,725,091)	(12,402,186)
Other expenses		(130,806,771)	(109,066,665)	(106,274,384)	(94,408,210)
<b>Profit / (loss) from operating activities</b>		<b>9,747,343</b>	<b>(12,313,128)</b>	<b>2,634,945</b>	<b>(90,844,759)</b>
Finance income	19	8,524,657	23,218,480	15,862,483	31,213,191
Finance costs	20	(923,206)	(8,551,333)	(923,206)	(8,551,333)
<b>Profit / (loss) before tax</b>		<b>17,348,794</b>	<b>2,354,019</b>	<b>17,574,222</b>	<b>(68,182,901)</b>
Income tax (expense) / credit	21	(5,023,055)	(25,947,597)	959,885	(2,200,420)
<b>Profit / (loss) for the year</b>		<b>12,325,739</b>	<b>(23,593,578)</b>	<b>18,534,107</b>	<b>(70,383,321)</b>
<b>Profit / (loss) for the year attributable to:</b>					
Owners of Parent		10,379,006	(18,057,712)	18,534,107	(70,383,321)
Non-controlling interest		1,946,733	(5,535,866)	-	-
		<b>12,325,739</b>	<b>(23,593,578)</b>	<b>18,534,107</b>	<b>(70,383,321)</b>
<b>Other comprehensive income net of tax</b>					
<b>Comprehensive income attributable to:</b>					
Comprehensive income, attributable to owners of parent		10,379,006	(18,057,712)	18,534,107	(70,383,321)
Comprehensive income, attributable to non-controlling interests		1,946,733	(5,535,866)	-	-
		<b>12,325,739</b>	<b>(23,593,578)</b>	<b>18,534,107</b>	<b>(70,383,321)</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Statements of Changes in Equity - Group

Figures in R		Common Control	Retained income	Attributable to owners of the parent	Non- controlling interests	Total
<b>Balance at 1 April 2018</b>	17,511,923	(211,831)	196,094,082	213,394,174	37,294,422	250,688,596
<b>Changes in equity</b>						
Loss for the year	-	-	(18,057,712)	(18,057,712)	(5,535,866)	(23,593,578)
Total comprehensive income	-	-	(18,057,712)	(18,057,712)	(5,535,866)	(23,593,578)
Dividend recognised as distributions to shareholder	-	-	-	-	(5,860,472)	(5,860,472)
<b>Balance at 31 March 2019</b>	<b>17,511,923</b>	<b>(211,831)</b>	<b>178,036,370</b>	<b>195,336,462</b>	<b>25,898,084</b>	<b>221,234,546</b>
<b>Balance at 1 April 2019</b>	17,511,923	(211,831)	178,036,370	195,336,462	25,898,084	221,234,546
<b>Changes in equity</b>						
Profit for the year	-	-	10,379,006	10,379,006	1,946,733	12,325,739
Total comprehensive income/(loss)	-	-	10,379,006	10,379,006	1,946,733	12,325,739
Dividend recognised as distributions to shareholder	-	-	-	-	(5,441,776)	(5,441,776)
<b>Balance at 31 March 2020</b>	<b>17,511,923</b>	<b>(211,831)</b>	<b>188,415,376</b>	<b>205,715,468</b>	<b>22,403,041</b>	<b>228,118,509</b>
Notes	<b>13</b>	<b>13</b>				

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Statements of Changes in Equity - Company

Figures in R	Issued capital	Retained income	Total
<b>Balance at 1 April 2018</b>	17,511,923	124,236,965	141,748,888
<b>Changes in equity</b>			
Loss for the year	-	(70,383,321)	(70,383,321)
Total comprehensive income	-	(70,383,321)	(70,383,321)
<b>Balance at 31 March 2019</b>	<b>17,511,923</b>	<b>53,853,644</b>	<b>71,365,567</b>
<b>Balance at 1 April 2019</b>	<b>17,511,923</b>	<b>53,853,644</b>	<b>71,365,567</b>
<b>Changes in equity</b>			
Profit for the year	-	18,534,107	18,534,107
Total comprehensive income	-	18,534,107	18,534,107
<b>Balance at 31 March 2020</b>	<b>17,511,923</b>	<b>72,387,751</b>	<b>89,899,674</b>
Note	<b>13</b>		

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Statements of Cash Flows

Figures in R	Notes	Group 2020	Group 2019	Company 2020	Company 2019
<b>Net cash flows (used in) / from operations</b>	26	<b>(350,716)</b>	<b>197,061,820</b>	<b>28,351,851</b>	<b>92,566,293</b>
Dividend paid		(5,441,776)	-	-	-
Dividends received		-	-	12,697,477	13,674,433
Interest paid		(923,206)	(8,551,333)	(923,206)	(8,551,333)
Interest received		8,524,657	23,218,480	3,165,006	17,538,758
Income taxes (paid) / refunded		(13,364,126)	(16,796,445)	2,955,194	(1,501,586)
Deferred tax impact		-	1,888,803	-	-
<b>Net cash flows (used in) / from operating activities</b>		<b>(11,555,167)</b>	<b>196,821,325</b>	<b>46,246,322</b>	<b>113,726,565</b>
<b>Cash flows (used in) / from investing activities</b>					
Proceeds from sales of property, plant and equipment		110,384	-	110,384	-
Purchase of property, plant and equipment		(294,804)	(515,061)	(294,804)	(515,061)
Loans advanced to shareholders		-	(27,945)	-	(27,945)
Other inflows (outflows) of cash		-	-	-	1,389,221
<b>Cash flows (used in) / from investing activities</b>		<b>(184,420)</b>	<b>(543,006)</b>	<b>(184,420)</b>	<b>846,215</b>
<b>Cash flows used in financing activities</b>					
IFRS 16 finance lease cash effect		(1,248,440)	-	(1,248,440)	-
Loans received from shareholders		-	(152,220,822)	-	(152,220,822)
Dividend paid		-	(5,860,472)	-	-
<b>Cash flows used in financing activities</b>		<b>(1,248,440)</b>	<b>(158,081,294)</b>	<b>(1,248,440)</b>	<b>(152,220,822)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(12,988,027)</b>	<b>38,197,025</b>	<b>44,813,461</b>	<b>(37,648,042)</b>
Cash and cash equivalents at beginning of the year		155,678,168	117,481,143	38,489,367	76,137,409
<b>Cash and cash equivalents at end of the year</b>	12	<b>142,690,141</b>	<b>155,678,168</b>	<b>83,302,829</b>	<b>38,489,367</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### 1. Basis of preparation and summary of significant accounting policies

The consolidated and separate financial statements of Ranbaxy South Africa (Pty) Ltd have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Consolidation

##### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

#### 1.2 Foreign currency translation

##### Functional and presentation currencies

The consolidated and separate financial statements have been presented in South African Rand. The functional currency of the company is South African Rands.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains'.



# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

*Basis of preparation and summary of significant accounting policies continued...*

### 1.3 Property, plant and equipment

#### Definition

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

#### Recognition

Property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

#### Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

#### Subsequent measurement - Cost model

After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

#### Subsequent expenditure

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

#### Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

Residual values, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

<b>Asset class</b>	<b>Measurement base</b>	<b>Useful life / depreciation rate</b>	<b>Depreciation method</b>
Buildings	Cost	20 years	Straight-line
Building Components	Cost	3-10 years	Straight-line
Leasehold improvements	Cost	Period of Lease	Straight-line
Plant and Machinery	Cost	3-15 years	Straight-line
Motor vehicles	Cost	3-7 years	Straight-line
Furniture and Fittings	Cost	3-6 years	Straight-line
Computer equipment	Cost	3 years	Straight-line
Property, plant and equipment under operating leases	Cost	1-3 years	Straight-line

### **Impairments**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

### **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. 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. Gains are classified as other gains on the face of the statements of profit or loss and other comprehensive income.

### **Right of Use Assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 1-3 Years

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

The right-of-use assets are also subject to impairment. Refer to the accounting policies in 'Impairments'

#### 1.4 Intangible assets

##### **Definition**

An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable, or arises from contractual or other legal rights.

##### **Recognition**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

##### **Initial measurement**

Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Acquisitions as part of a business combination are initially measured at fair value at acquisition date.

Acquisitions by way of a government grants are initially measured at fair value.

Internally generated goodwill is not recognised as an asset.

The cost of assets acquired through an exchange of assets is measured at fair value at acquisition date unless the exchange lacks commercial substance, or the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired asset is immediately measured in this way even if the asset given up cannot immediately be derecognised. If the acquired asset is not measured at fair value, its cost is measured using the carrying amount of the asset given up.

Internally generated intangible assets are recognised initially at cost, being the sum of expenditure from the date the recognition criteria for an intangible asset are met, bearing in mind the following additional criteria:

- During the research phase, no intangible asset is recognised. Expenditure on research is recognised as an expense when it is incurred.
- During the development phase, an intangible asset will be recognised only if the following can be demonstrated:
  - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
  - there is an intention to complete the intangible asset and use or sell it;
  - there is an ability to use or sell the intangible asset;
  - it is possible to demonstrate how the asset will generate probable future economic benefits;
  - there are available financial, technical and other resources to complete the development of the intangible asset as well as to use or sell the intangible asset;
  - the expenditure attributable to the intangible asset during the development phase can be reliably measured.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

Research or development expenditure related to an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset, and is incurred after the acquisition of that project, is also accounted for in this way.

Expenditure of research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or sustainable improved products and processes. Development expenditure is capitalised only if development costs can be, measured reliably, the product or process is technically commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Expenditure on an intangible asset is recognised as an expense when it is incurred unless it is part of the cost of an intangible asset that meets the recognition criteria or if the item is acquired in a business combination and cannot be recognised as an intangible asset it is recognised as part of goodwill at the acquisition date. Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

### **Subsequent measurement - Cost model**

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

### **Amortisation**

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
  - residual value can be determined by reference to that market; and
  - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

<b>Asset class</b>	<b>Internally generated or other</b>	<b>Useful life classification</b>	<b>Useful life / amortisation rate</b>	<b>Amortisation method</b>
Patents, trademarks and other rights	(internally generated / other)	Finite	5 years	Straight-line

### **Impairments**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

### **Retirements and disposals**

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

## **1.5 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of ISA32.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

A financial liability at fair value through profit or loss is a financial liability that meets one of the following conditions:

- It meets the definition of held for trading. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument);
- upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with paragraph 4.2.2 or 4.3.5
- it is designated either upon initial recognition or subsequently as at fair value through profit or loss in accordance with paragraph 6.7.1

### **Classification and recognition**

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

### *Financial assets classification*

The group classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

### *Financial liabilities classification*

The group classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

### *Recognition*

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

### **Initial measurement**

#### *Financial assets*

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Financial liabilities*

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

#### **Subsequent measurement**

##### *Financial assets*

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
  - Interest income is included in finance income using the effective interest rate method.
  - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.
  - Impairment losses are presented as a separate line item in the statement of profit or loss.
  - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets
  - Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
  - When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).
  - Interest income from these financial assets is included in finance income using the effective interest rate method.
  - Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
  - The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
  - The company elected to classify irrevocably its non-listed equity investments under this category.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
  - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.
  - The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
  - This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

##### *Equity instruments*

All equity investments are subsequently measured at fair value.

- Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI
  - There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
  - Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
  - Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
  - Changes in the fair value are recognised in other gains/(losses) in the statement of profit or loss as applicable.



# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

#### *Financial liabilities*

Subsequent measurement of financial liabilities depends on their classification:

- Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

- Amortised cost: Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

#### **Derecognition**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Impairment of financial assets**

A forward looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Loan to (from) group company**

This can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

The loan to group company is classified as a financial asset at amortised cost and is measured at amortised cost using the effective interest method.

The loan from group company is classified as a financial liability at amortised cost and is measured at amortised cost using the effective interest method.

### **Loan to (from) shareholder company**

The loan to shareholder is classified as a financial asset at amortised cost and is measured at amortised cost using the effective interest method.

The loan from shareholder is classified as a financial liability at amortised cost and is measured at amortised cost using the effective interest method.

### **Trade and other receivables**

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Up to 31 March 2019, trade receivables were recognised initially at fair value. They were subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivables.

### **Other financial assets**

Other financial assets are recognised initially at the fair value, including transaction costs except where the asset will subsequently be measured at fair value.

Other financial assets that are equity investments are subsequently measured at fair value through profit or loss. Other investments are subsequently measured at cost less impairment.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

Other financial assets that are debt instruments are subsequently measured at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### **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.

## 1.6 Inventories

### **Definition**

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

### **Recognition**

Inventories are recognised as an asset when

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

### **Measurement**

Inventories are measured at the lower of cost and net realisable value using either the first-in-first-out or weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

### **Recognition as an expense**

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised, and the inventory is derecognised. 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and the write-down or reversal is recognised against the expense as indicated above.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end. Movements in this provision are included in the expense recognised as indicated above.

## 1.7 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

### **Current tax assets and liabilities**

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

The benefit relating to a tax loss that can be carried back to recover current tax of a previous period 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 taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **Deferred 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 goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

A deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits 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.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Tax expense (income)**

Current and deferred tax is 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, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

## 1.8 Leases

### **Definition**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

### **Classification**

A lease is classified as a finance lease when it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease when it does not transfer substantially all the risks and rewards incidental to ownership.

### **Lease Liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### 1.9 Provisions and contingencies

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a present obligation (legal or constructive) 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 amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures 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 is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

A constructive obligation to restructure arises only when:

- there is 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
- there has been raised a valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

After initial recognition and until the liability is settled, cancelled or expires, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised as a provision, and the amount initially recognised less cumulative amortisation.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

### **1.10 Revenue from contracts with customers**

Revenue is income arising in the course of an entity's ordinary activities.

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:

- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Revenue is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

### **Measurement**

When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price that is allocated to the performance obligation, but excluding estimates of variable consideration that are constrained and any amounts collected on behalf of third parties. The transaction price may include fixed amounts, variable amounts, or both.

The group allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

The group recognises as an asset the incremental costs of obtaining a contract with a customer if the group expects to recover those costs.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the group can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

When either party to a contract has performed, the group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the group's performance and the customer's payment. The group presents any unconditional rights to consideration separately as a receivable.

### **Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 days upon delivery.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of [goods], the group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

## **1.11 Employee benefits**

### **Post-employment benefit plans**

The group provides post-employment benefits through various defined contribution and defined benefit plans.

### **Short-term employee benefits**

Compensation paid to employees for the rendering of services are recognised at the undiscounted amount paid or expected to be paid in the accounting period in which the services were rendered.

Where employees accumulate entitlement for paid absences, an expense is recognised as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In the case of non-accumulating paid absences, the expense is recognised only when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

### **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.



# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability, after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

### **1.12 Borrowing costs**

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which it occurred.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Where funds are borrowed generally and uses the funds for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation will be calculated based on the weighted average of the borrowing rate applicable to all borrowings outstanding during the period.

Capitalised borrowing costs are limited to actual borrowing costs incurred during any period.

The capitalising of borrowing costs as part of the cost of a qualifying asset will begin on the commencement date. The commencement date for capitalisation is the date when all of the following conditions are met:

- expenditures for the asset are incurred;
- borrowing costs are incurred; and
- activities that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended.

Capitalising borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

*Basis of preparation and summary of significant accounting policies continued...*

### 1.13 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this standard referred to as the 'reporting entity').

- A person or a close member of that person's family is related to a reporting entity if that person:
  - has control or joint control of the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to a reporting entity if any of the following conditions apply:
  - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - The entity is controlled or jointly controlled by a person identified as a related party;
  - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
  - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity;

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

### 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Critical accounting estimates and judgements continued...*

#### **2.1 Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

##### **2.1.1 Useful lives of property, plant and equipment**

As described above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Board has not identified any property, plant and equipment, of which the useful lives should be revised.

##### **2.1.2 Income taxes**

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

##### **2.1.3 Allowance for slow moving, damaged and obsolete stock**

An allowance 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.

##### **2.1.4 Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables included in note 25.

##### **2.1.5 Determining the lease term of contracts with renewal and termination options – Company as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Critical accounting estimates and judgements continued...*

#### 2.1.6 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

### 3. Changes in accounting policies and disclosures

#### 3.1 Adoption of new and revised pronouncements

In the current year, the company has adopted all new and revised IFRSs that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2019.

At the date of authorisation of these financial statements for the year ended 31 March 2020, the following IFRSs were adopted:

##### **IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

##### **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively
- assumptions for taxation authorities' examinations
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- the effect of changes in facts and circumstances

##### **Prepayment Features with Negative Compensation (Amendments to IFRS 9)**

Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Application of the above standards did not impact these consolidated and separate financial statements.

#### 3.2 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 April 2019 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The directors anticipate that the new standards, amendments and interpretations will be adopted in the company's consolidated financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Accounting Policies

---

### *Changes in accounting policies and disclosures continued...*

#### **Definition of a Business (Amendments to IFRS 3)**

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

No material impact anticipated

The mandatory implementation required by the standard is for years beginning on or after 1 January 2020. This change in accounting policy will be implemented for the first time for the financial year ending 31 March 2021.

#### **Definition of Material (Amendments to IAS 1 and IAS 8)**

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

No material impact anticipated

The mandatory implementation required by the standard is for years beginning on or after 1 January 2020. This change in accounting policy will be implemented for the first time for the financial year ending 31 March 2021.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R

### 4. Property, plant and equipment

#### 4.1 Balances at year end and movements for the year

	Buildings	Plant and Equipment	Motor vehicles	Furniture and Fittings	Computer equipment	Right of Use Assets	Leasehold Improvements	Total
<b>Reconciliation for the year ended 31 March 2020 - Group</b>								
<b>Balance at 1 April 2019</b>								
At cost	-	34,292,930	1,075,429	2,950,478	4,082,943	-	623,289	<b>43,025,069</b>
Accumulated depreciation	-	(34,292,850)	(588,975)	(2,888,793)	(3,822,747)	-	(623,287)	<b>(42,216,652)</b>
<b>Net book value</b>	-	<b>80</b>	<b>486,454</b>	<b>61,685</b>	<b>260,196</b>	-	<b>2</b>	<b>808,417</b>
<b>Movements for the year ended 31 March 2020</b>								
Additions other than through business combinations	-	-	-	8,812	285,992	-	-	<b>294,804</b>
Depreciation	-	-	(104,701)	(28,405)	(172,542)	(3,202,641)	-	<b>(3,508,289)</b>
Adoption of IFRS 16	-	-	-	-	-	9,074,150	-	<b>9,074,150</b>
Disposals	-	-	(110,384)	-	-	-	-	<b>(110,384)</b>
<b>Property, plant and equipment at end of year</b>	-	<b>80</b>	<b>271,369</b>	<b>42,092</b>	<b>373,646</b>	<b>5,871,509</b>	<b>2</b>	<b>6,558,698</b>
<b>Closing balance at 31 March 2020</b>								
At cost or revaluation	-	34,292,930	523,504	2,959,290	4,368,934	9,074,150	623,289	<b>51,842,097</b>
Accumulated depreciation	-	(34,292,850)	(252,135)	(2,917,198)	(3,995,288)	(3,202,641)	(623,287)	<b>(45,283,399)</b>
<b>Net book value</b>	-	<b>80</b>	<b>271,369</b>	<b>42,092</b>	<b>373,646</b>	<b>5,871,509</b>	<b>2</b>	<b>6,558,698</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R

### *Property, plant and equipment continued...*

#### 4.1 Reconciliation for the year ended 31 March 2019 - Group

##### Balance at 1 April 2018

At cost	-	34,292,930	767,823	2,950,478	3,875,488	-	623,289	<b>42,510,008</b>
Accumulated depreciation	-	(33,652,196)	(449,522)	(2,805,641)	(3,638,554)	-	(623,287)	<b>(41,169,200)</b>
<b>Net book value</b>	-	<b>640,734</b>	<b>318,301</b>	<b>144,837</b>	<b>236,934</b>	-	<b>2</b>	<b>1,340,808</b>

##### Movements for the year ended 31 March 2019

Additions other than through business combinations	-	-	307,606	-	207,455	-	-	<b>515,061</b>
Depreciation	-	(640,654)	(139,453)	(83,152)	(184,193)	-	-	<b>(1,047,452)</b>
<b>Property, plant and equipment at end of year</b>	-	<b>80</b>	<b>486,454</b>	<b>61,685</b>	<b>260,196</b>	-	<b>2</b>	<b>808,417</b>

##### Closing balance at 31 March 2019

At cost	-	34,292,930	1,075,429	2,950,478	4,082,943	-	623,289	<b>43,025,069</b>
Accumulated depreciation	-	(34,292,850)	(588,975)	(2,888,793)	(3,822,747)	-	(623,287)	<b>(42,216,652)</b>
<b>Net book value</b>	-	<b>80</b>	<b>486,454</b>	<b>61,685</b>	<b>260,196</b>	-	<b>2</b>	<b>808,417</b>

#### Reconciliation for the year ended 31 March 2020 - Company

##### Balance at 1 April 2019

At cost	-	-	1,075,429	2,754,843	3,935,383	-	623,289	<b>8,388,944</b>
Accumulated depreciation	-	-	(588,975)	(2,693,217)	(3,678,991)	-	(623,287)	<b>(7,584,470)</b>
<b>Net book value</b>	-	-	<b>486,454</b>	<b>61,626</b>	<b>256,392</b>	-	<b>2</b>	<b>804,474</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R

### *Property, plant and equipment continued...*

#### 4.1 Movements for the year ended 31 March 2020

Additions other than through business combinations	-	-	-	8,812	285,992	-	-	294,804
Depreciation	-	-	(104,701)	(28,405)	(168,765)	(3,202,641)	-	(3,504,512)
Increase (decrease) through other changes	-	-	-	-	-	9,074,150	-	9,074,150
Disposals	-	-	(110,384)	-	-	-	-	(110,384)
<b>Property, plant and equipment at end of year</b>	-	-	<b>271,369</b>	<b>42,033</b>	<b>373,619</b>	<b>5,871,509</b>	<b>2</b>	<b>6,558,532</b>

#### Closing balance at 31 March 2020

At cost	-	-	523,504	2,763,655	4,221,374	5,871,509	623,289	14,003,331
Accumulated depreciation	-	-	(252,135)	(2,721,622)	(3,847,755)	-	(623,287)	(7,444,799)
<b>Net book value</b>	-	-	<b>271,369</b>	<b>42,033</b>	<b>373,619</b>	<b>5,871,509</b>	<b>2</b>	<b>6,558,532</b>

#### Reconciliation for the year ended 31 March 2019 - Company

##### Balance at 1 April 2018

At cost	-	-	767,823	2,754,843	3,727,928	-	623,289	7,873,883
Accumulated depreciation	-	-	(449,522)	(2,614,004)	(3,504,002)	-	(623,287)	(7,190,815)
<b>Net book value</b>	-	-	<b>318,301</b>	<b>140,839</b>	<b>223,926</b>	-	<b>2</b>	<b>683,068</b>

#### Movements for the year ended 31 March 2019

Additions other than through business combinations	-	-	307,606	-	207,455	-	-	515,061
Depreciation	-	-	(139,453)	(79,213)	(174,989)	-	-	(393,655)
<b>Property, plant and equipment at end of year</b>	-	-	<b>486,454</b>	<b>61,626</b>	<b>256,392</b>	-	<b>2</b>	<b>804,474</b>



# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R

---

### *Property, plant and equipment continued...*

#### 4.1 Closing balance at 31 March 2019

At cost	-	-	1,075,429	2,754,843	3,935,383	-	623,289	<b>8,388,944</b>
Accumulated depreciation	-	-	(588,975)	(2,693,217)	(3,678,991)	-	(623,287)	<b>(7,584,470)</b>
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>486,454</b>	<b>61,626</b>	<b>256,392</b>	<b>-</b>	<b>2</b>	<b>804,474</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<b>5. Intangible assets</b>				
<b>Reconciliation of changes in intangible assets</b>				
<b>Patents, trademarks and other rights</b>				<b>Total</b>
<b>Reconciliation for the year ended 31 March 2020 - Group and Company</b>				
<b>Balance at 1 April 2019</b>				
At cost			1,960,198	1,960,198
Accumulated amortisation			(1,933,547)	(1,933,547)
<b>Net book value</b>			<b>26,651</b>	<b>26,651</b>
<b>Movements for the year ended 31 March 2020</b>				
Amortisation			(26,651)	(26,651)
<b>Intangible assets at end of period</b>			<b>-</b>	<b>-</b>
<b>Closing balance at 31 March 2020</b>				
At cost			2,013,551	2,013,551
Accumulated amortisation			(2,013,551)	(2,013,551)
<b>Net book value</b>			<b>-</b>	<b>-</b>
<b>Reconciliation for the year ended 31 March 2019 - Group and Company</b>				
<b>Balance at 1 April 2018</b>				
At cost			1,638,706	1,638,706
Accumulated amortisation			(1,532,051)	(1,532,051)
<b>Net book value</b>			<b>106,655</b>	<b>106,655</b>
<b>Movements for the year ended 31 March 2019</b>				
Amortisation			(80,004)	(80,004)
<b>Intangible assets at end of period</b>			<b>26,651</b>	<b>26,651</b>
<b>Closing balance at 31 March 2019</b>				
At cost			1,960,198	1,960,198
Accumulated amortisation			(1,933,547)	(1,933,547)
<b>Net book value</b>			<b>26,651</b>	<b>26,651</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<b>6. Inventories</b>				
<b>Inventories comprise:</b>				
Finished goods	168,299,898	271,665,480	98,168,114	141,311,134
Merchandise	13,565,090	89,266,847	2,368,515	47,400,288
Impairment provision	(17,501,272)	(17,676,413)	(12,863,572)	(17,676,413)
	<b>164,363,716</b>	<b>343,255,914</b>	<b>87,673,056</b>	<b>171,035,009</b>
The amount of inventories recognised as an expense during the year:				
Write-down of inventories	17,501,272	17,676,413	12,863,572	17,676,413
<b>7. Trade and other receivables</b>				
<b>7.1 Trade and other receivables comprise:</b>				
Trade receivables	108,074,413	500,511,624	45,218,240	95,735,503
Other receivables	1,591,033	1,255,910	1,591,033	1,263,760
Prepaid expenses	12,001,542	9,364,569	12,001,542	9,364,569
Employees cost in advance	350,328	319,589	342,478	299,389
Value added tax	11,245,431	948,379	5,160,751	5,486,057
Related party receivables	2,076,207	16,445,478	10,758,306	26,967,453
<b>Total trade and other receivables</b>	<b>135,338,954</b>	<b>528,845,549</b>	<b>75,072,350</b>	<b>139,116,731</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

### *Trade and other receivables continued...*

#### 7.2 Items included in Trade and other receivables not classified as financial instruments

Prepaid expenses	12,001,542	9,364,569	12,001,542	9,364,569
Value added tax	11,245,431	948,379	6,439,895	5,486,057
Employee costs in advance	350,328	319,589	342,478	299,389
Total non-financial instruments included in trade and other receivables	<u>23,597,301</u>	<u>10,632,537</u>	<u>18,783,915</u>	<u>15,150,015</u>
Total trade and other receivables excluding non-financial assets included in trade and other receivables	111,741,653	518,213,012	56,288,435	123,966,716
<b>Total trade and other receivables</b>	<b><u>135,338,954</u></b>	<b><u>528,845,549</u></b>	<b><u>75,072,350</u></b>	<b><u>139,116,731</u></b>

#### The following are the major debtors included in the trade receivables:

Private Sector	32,556,724	83,506,684	32,439,138	48,474,542
Public	99,556,368	417,004,940	19,117,934	76,617,569
	<b><u>132,113,092</u></b>	<b><u>500,511,624</u></b>	<b><u>51,557,072</u></b>	<b><u>125,092,111</u></b>

#### 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 2020, R62 896 911 (2019: R 167 494 095) and , R 9 171 843 (2019: R 6 204 986) were past due but not impaired for the group and company respectively

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

Current	57,933,788	203,978,859	35,583,942	93,113,579
1 month past due	7,503,126	89,116,111	4,738,395	18,678,184
2 months past due	3,779,267	39,922,561	2,062,892	7,095,362
3 months past due	11,980,994	103,016,050	3,259,513	88,079
More than 3 months past due	50,915,917	64,478,043	5,912,330	6,116,907
	<b><u>132,113,092</u></b>	<b><u>500,511,623</u></b>	<b><u>51,557,072</u></b>	<b><u>125,092,111</u></b>

#### Trade and other receivables impaired

As of 31 March 2020, trade and other receivables of R 33 247 239 (2019: R 11 921 745) and R 8 032 020 (2019: R 2 239 832) for group and company respectively were impaired and allowed for.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

*Trade and other receivables continued...*

### 7.3 Movements in impairment of trade and other receivables are as follows:

At start of year	11,921,745	6,042,058	2,239,832	964,775
Impairment raised	21,325,494	5,879,687	5,792,188	1,275,057
<b>At end of year</b>	<b>33,247,239</b>	<b>11,921,745</b>	<b>8,032,020</b>	<b>2,239,832</b>

## 8. Deferred tax

### 8.1 The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets:				
Property, Plant and Equipment	3,268,149	3,700,248	-	-
Lease Straightlining	-	(311,955)		(311,955)
Provision for Leave Pay	883,234	721,402	769,819	663,658
Provision for Bonus	6,376,961	2,271,184	313,693	1,043,415
Provision for doubtful debt	303,424	1,132,342	1,565,066	293,575
	10,831,767	7,513,220	2,648,578	1,688,693

<b>Net deferred tax assets</b>	<b>10,831,767</b>	<b>7,513,220</b>	<b>2,648,578</b>	<b>1,688,693</b>
--------------------------------	-------------------	------------------	------------------	------------------

#### Details of set-off of deferred tax assets and liabilities

Net deferred tax asset from all items being set off	10,831,767	7,513,220	2,648,578	1,688,693
<b>Total deferred tax asset per the statements of financial position</b>	<b>10,831,767</b>	<b>7,513,220</b>	<b>2,648,578</b>	<b>1,688,693</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

*Deferred tax continued...*

### 8.2 Reconciliation of deferred tax movements

Group	Deferred tax	Total
<b>Opening balance at 1 April 2019</b>	7,513,220	<b>7,513,220</b>
Temporary differences	3,318,547	<b>3,318,547</b>
<b>Closing balance at 31 March 2020</b>	<b>10,831,767</b>	<b>10,831,767</b>
<b>Opening balance at 1 April 2018</b>	9,402,023	<b>9,402,023</b>
Temporary differences	(1,888,803)	<b>(1,888,803)</b>
<b>Closing balance at 31 March 2019</b>	<b>7,513,220</b>	<b>7,513,220</b>
Company	Deferred tax	Total
<b>Opening balance at 1 April 2019</b>	1,688,693	<b>1,688,693</b>
Increase /(decrease) in lease straightlining	311,955	<b>311,955</b>
Increase /(decrease) in provision for leave pay	106,161	<b>106,161</b>
Provision for bonus	(729,722)	<b>(729,722)</b>
Increase /(decrease) in provision for provision for doubtful debts	1,271,490	<b>1,271,490</b>
<b>Closing balance at 31 March 2020</b>	<b>2,648,578</b>	<b>2,648,578</b>
<b>Opening balance at 1 April 2018</b>	3,790,764	<b>3,790,764</b>
Temporary differences	98,349	<b>98,349</b>
Increase /(decrease) in tax losses available for set off against future taxable income	(1,275,594)	<b>(1,275,594)</b>
Increase /(decrease) in lease straightlining	(1,179,116)	<b>(1,179,116)</b>
Increase /(decrease) in provision for leave pay	119,757	<b>119,757</b>
Provision for bonus	117,028	<b>117,028</b>
Increase /(decrease) in provision for provision for doubtful debts	17,505	<b>17,505</b>
<b>Closing balance at 31 March 2019</b>	<b>1,688,693</b>	<b>1,688,693</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<b>9. Current tax assets and liabilities</b>				
<b>Current tax assets and liabilities comprise the following balances</b>				
Net current tax asset from all items being set off	6,439,939	-	4,966,242	4,326,672
<b>Total current tax asset per the statements of financial position</b>	<b>6,439,939</b>	<b>-</b>	<b>4,966,242</b>	<b>4,326,672</b>
Net current tax liability from all items being set off	-	(2,177,348)	-	-
<b>Total current tax liability per the statements of financial position</b>	<b>-</b>	<b>(2,177,348)</b>	<b>-</b>	<b>-</b>
<b>Current taxation in the Statement of Financial Position represents:</b>				
Balance at beginning of the year	(2,177,348)	6,973,804	4,326,672	5,678,304
Provision for taxation for the year	(5,023,055)	(25,947,597)	-	-
Current taxation paid	13,364,126	21,107,322	(2,955,194)	4,946,396
	6,163,723	2,133,529	1,371,478	10,624,700
Provision for taxation relating to previous years	276,216	(4,310,877)	3,594,764	(6,298,028)
Balance at end of the year	6,439,939	(2,177,348)	4,966,242	4,326,672
<b>10. Investment in subsidiaries</b>				
<b>Investment in subsidiaries comprise the following balances</b>				
	Carrying Amount 2020	Carrying Amount 2019	Carrying Amount 2020	Carrying Amount 2019
Sonke Pharmaceuticals Proprietary Limited	-	-	905,342	905,342
<b>11. Loan to shareholder</b>				
<b>Loan to shareholder comprise the following balances</b>				
Loans to owner	27,945	27,945	27,945	27,945

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<b>12. Cash and cash equivalents</b>				
<b>Cash and cash equivalents comprise:</b>				
<b>Cash</b>				
Cash on hand	2,061	1,302	2,061	1,302
Balances with banks	142,688,080	155,676,866	83,300,768	38,488,065
<b>Total cash</b>	<b>142,690,141</b>	<b>155,678,168</b>	<b>83,302,829</b>	<b>38,489,367</b>
<b>Total cash and cash equivalents included in current assets</b>	<b>142,690,141</b>	<b>155,678,168</b>	<b>83,302,829</b>	<b>38,489,367</b>
<b>13. Issued capital</b>				
<b>Authorised and issued share capital</b>				
<b>Authorised</b>				
1,004,000 Ordinary shares	1,004,000	1,004,000	1,004,000	1,004,000
<b>Issued</b>				
361,917 Ordinary shares	17,511,923	17,511,923	17,511,923	17,511,923
<b>14. Trade and other payables</b>				
<b>14.1 Trade and other payables comprise:</b>				
Trade creditors	25,508,040	62,001,006	11,110,859	20,625,183
Royalty accrual	286,388	939,682	286,388	939,682
Payables to related parties	183,298,840	681,317,355	133,624,572	205,276,154
Lease straightlining liability	-	1,982,877	-	1,982,877
Marketing and sales accruals	9,779,084	51,313,186	9,577,688	41,380,695
Payroll accruals	6,973,643	6,463,519	6,210,643	6,463,519
Other payables and accrued expenses	4,460,947	8,726,344	2,619,340	8,387,206
<b>Total trade and other payables</b>	<b>230,306,941</b>	<b>812,743,970</b>	<b>163,429,490</b>	<b>285,055,317</b>



# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<i>Trade and other payables continued...</i>				
<b>14.2 Items included in trade and other payables not classified as financial liabilities</b>				
Payroll related accruals	6,973,643	6,463,519	6,210,643	6,463,519
Royalty accrual	286,388	939,682	286,388	939,682
Lease straightlining liability	-	1,982,877	-	1,982,877
Marketing and sales accruals	9,779,084	51,313,186	9,577,688	41,380,695
Total non-financial liabilities included in trade and other payables	17,039,114	60,699,264	16,074,719	50,766,773
Total trade and other payables excluding non-financial liabilities included in trade and other payables	213,267,827	752,044,706	147,354,771	234,288,544
<b>Total trade and other payables</b>	<b>230,306,941</b>	<b>812,743,970</b>	<b>163,429,490</b>	<b>285,055,317</b>
Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. No interest is charged on trade payables. The group and company has risk management policies in place to ensure that all payables are paid within the agreed credit terms. The carrying amounts of financial liabilities approximate fair value.				
<b>15. Right of Use Lease Liability</b>				
<b>Right of Use lease liability - lease payment reconciliations</b>				
<b>As at 01 April 2019</b>	-	-	-	-
Additions	11,057,027	-	11,057,027	-
Interest Accrual	923,206	-	923,206	-
Payments	(4,154,523)	-	(4,154,523)	-
<b>As at 31 March 2020</b>	<b>7,825,710</b>	-	<b>7,825,710</b>	-
<b>Gross Right of Use lease obligations</b>				
Not later than one year	3,945,751	-	3,945,751	-
Non-Current- Later than one year and not later than five years	3,879,959	-	3,879,959	-
	<b>7,825,710</b>	-	<b>7,825,710</b>	-
<b>16. Revenue</b>				
<b>Revenue comprises:</b>				
Sale of goods	808,319,239	1,544,350,885	302,008,492	309,044,614
<b>17. Cost of sales</b>				
<b>Cost of sales comprise:</b>				
Sale of goods	636,223,429	1,388,795,575	173,914,677	280,704,591

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<b>18. Operating Expenses</b>				
Operating expenses includes the following:				
Auditors remuneration - fees	1,713,624	1,454,567	274,827	134,570
<b>19. Finance income</b>				
Finance income comprises:				
Interest received	8,524,657	23,218,480	3,164,982	3,913,344
Interest received from subsidiaries	-	-	23	13,625,414
Dividends received from subsidiary	-	-	12,697,477	13,674,433
<b>Total finance income</b>	<b>8,524,657</b>	<b>23,218,480</b>	<b>15,862,482</b>	<b>31,213,191</b>
<b>20. Finance costs</b>				
Finance costs included in profit or loss:				
Group Companies	-	8,551,333	-	8,551,333
Interest on Right of Use Lease Liability	923,206	-	923,206	-
<b>Total finance costs</b>	<b>923,206</b>	<b>8,551,333</b>	<b>923,206</b>	<b>8,551,333</b>
<b>21. Income tax (expense) / credit</b>				
<b>21.1 Income tax recognised in profit or loss:</b>				
<b>Current tax</b>				
Current year	(5,982,940)	(23,960,446)	-	-
<b>Total current tax</b>	<b>(5,982,940)</b>	<b>(23,960,446)</b>	<b>-</b>	<b>-</b>
<b>21.2 Deferred tax</b>				
Current year temporary differences	959,885	(1,987,151)	959,885	(2,200,420)
<b>Total deferred tax</b>	<b>959,885</b>	<b>(1,987,151)</b>	<b>959,885</b>	<b>(2,200,420)</b>
<b>Total income tax (expense) / credit</b>	<b>(5,023,055)</b>	<b>(25,947,597)</b>	<b>959,885</b>	<b>(2,200,420)</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<i>Income tax (expense) / credit continued...</i>				
<b>21.3 The income tax for the year can be reconciled to accounting profit / (loss) as follows:</b>				
Profit / (loss) before tax from operations	17,348,794	2,354,019	17,574,222	(68,182,901)
Income tax calculated at 28.0%	28.00%	28.00%	28.00%	28.00%
Tax effect of				
Permanent Differences	(0.64%)	0.00%	(26.49%)	0.00%
Loss in holding company	0.00%	(464.77%)	0.00%	(28.00%)
<b>Effective tax rate</b>	<b>27.36%</b>	<b>(436.77%)</b>	<b>1.51%</b>	<b>0.00%</b>

## 22. Related parties

### 22.1 Group companies

Ultimate holding company	Sun Pharmaceutical Industries Limited
Holding company	Sun Pharma (Netherlands) BV
Sister company	Ranbaxy Pharmaceuticals (Pty) Ltd Formerly Be-Tab's Pharmaceuticals (Pty) Ltd)
Subsidiary	Sonke Pharmaceuticals (Pty) Ltd
Sister Company	Ranbaxy Laboratories

### 22.2 Directors

DW Brothers  
A Ajoodha  
UK Maini

### 22.3 Compensation paid to directors and prescribed officers

The remuneration of directors and other members

of key management during the year was as follows:

	2020	2019
Short-term benefits	9,769,215	5,933,745
Pension paid to pension scheme	1,054,957	639,190
	<u>10,824,172</u>	<u>6,572,935</u>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<i>Related parties continued...</i>				
<b>2020</b>				
Name	Remuneration paid	Bonuses and performance related payments	Pensions paid or receivable	Total remuneration
Director A	2,845,768	519,716	390,313	3,755,797
Director D	1,461,927	80,173	144,983	1,687,083
Director E	-	-	-	-
Director F	1,190,518	168,578	157,285	1,516,381
Director G	-	-	-	-
Director I	-	-	-	-
Director J	3,005,870	496,665	362,376	3,864,911
<b>Total compensation paid to directors and prescribed officers</b>	<b>8,504,083</b>	<b>1,265,132</b>	<b>1,054,957</b>	<b>10,824,172</b>
<b>2019</b>				
Name	Remuneration paid	Bonuses and performance related payments	Pensions paid or receivable	Total remuneration
Director A	2,708,481	542,844	371,492	3,622,817
Director D	-	-	-	-
Director E	1,391,296	151,202	135,558	1,678,056
Director F	-	-	-	-
Director G	996,277	143,645	132,140	1,272,062
<b>Total compensation paid to directors and prescribed officers</b>	<b>5,096,054</b>	<b>837,691</b>	<b>639,190</b>	<b>6,572,935</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

*Related parties continued...*

### 22.4 Related party transactions and balances

	Sun Pharmaceuticals Industries Limited	Sun Pharma (Netherlands) BV	Ranbaxy Pharmaceuticals Proprietary Limited	Sonke Pharmaceuticals Proprietary Limited	Total
<b>Year ended 31 March 2020</b>					
<b>Related party transactions</b>					
Purchases of goods	848,150,730	-	286,604,256	-	<b>1,134,754,986</b>
<b>Outstanding balances for related party transactions</b>					
Amounts payable	(153,545,174)	-	(20,920,878)	-	<b>(174,466,052)</b>
Amounts receivable	150,960	-	10,758,306	-	<b>10,909,266</b>
<b>Year ended 31 March 2019</b>					
<b>Related party transactions</b>					
Purchases of goods	351,568,441	-	-	-	<b>351,568,441</b>
Revenue from sale of goods	-	-	-	(2,771,973)	<b>(2,771,973)</b>
Interest Paid	-	8,551,233	-	-	<b>8,551,233</b>
Interest received	-	-	(13,625,414)	-	<b>(13,625,414)</b>
<b>Outstanding balances for related party transactions</b>					
Amounts payable	(197,424,977)	-	(7,851,177)	-	<b>(205,276,154)</b>
Amounts receivable	150,690	-	11,489,576	15,327,187	<b>26,967,453</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

### 23. Events after the reporting date

#### COVID 19 Pandemic

Management has assessed the impact of the COVID 19 on South Africa and Global counter parts, in relation to Supply chain, Sales, Logistics, Human Resources and Operations.

Management has not identified a material impact on the company as a result of the aforementioned Pandemic and is able to manufacture and import pharmaceutical goods at acceptable levels based on expectations, orders have increased due to additional demand on certain product lines, however this is expected to be more of a cyclical movement, due to change in end customer behavior. No material impact is expected on customer collections due to COVID19, collections have remained timely during the period up and until the date of sign-off.

Thus, based on management's assessment, there is no material impact arising from the Pandemic that would have an impact on the Financial Year results or subsequent to it, up and until the date of sign-off.

### 24. Going concern

The consolidated and separate annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the group has adequate resources in place to continue in operation for the foreseeable future.

### 25. Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

### *Financial risk management continued...*

#### 25.1 Market risk

##### 25.1.1 Foreign exchange risk

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

In respect of purchases and payables, the company controls its volume of purchase orders to a tolerable level and avoids concentrating the purchases in a single foreign currency by diversifying such foreign currency risk exposure.

In respect of sales and receivables, the company sets a prudent credit limit to individual customers who transact with it in other foreign currencies. The directors' approval is required on the exposure to an individual customer or transaction that exceeds the limit.

#### Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in South African Rand, was as follows:

	USD	EUR	GBP
<b>31 March 2020</b>			
Trade payables	727,280	4,332,521	-
<b>31 March 2019</b>			
Trade payables	1,414,928	11,381,396	199,008

#### Sensitivity

At 31 March 2020, if the South African Rand weakened/strengthened by 10% against the US dollar with all other variables held constant, the group and company profit for the year and retained earnings would have been R 72 728 (2019: R 141 493) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and trade payables.

At 31 March 2020, if the South African Rand weakened/strengthened by 10% against the Euro with all other variables held constant, the company's profit for the year and retained earnings would have been R 433 252 (2019: 1 138 140) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables and trade payables.

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual balance sheet date.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

### *Financial risk management continued...*

#### 25.1.2 Cash flow and fair value interest rate risk

##### Exposure

The group had no exposure to interest rate risk as the group had no borrowings.

The group's borrowings and receivables are carried at amortised cost.

##### Sensitivity

At 31 March 2020, if the South African Rand weakened/strengthened by 10% against the US dollar with all other variables held constant, the group and company profit for the year and retained earnings would have been R 0 (2019: R 0) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and trade payables.

At 31 March 2020, if the South African Rand weakened/strengthened by 10% against the Euro with all other variables held constant, the company's profit for the year and retained earnings would have been R 0 (2019: R 0) higher/lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables and trade payables.

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management's assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual balance sheet date.

#### 25.1.3 Price risk

##### Exposure

The group is not exposed to price risk, as the industry is governed by single exit pricing. Revenue generated from government tenders, has prices fixed at the beginning of the contract and adjusted for inflationary effects by the National Department of Health

#### 25.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.



# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

*Financial risk management continued...*

### 25.2.1 Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Management does not expect any significant losses from non-performance by these counterparties

The group and company has borrowings that accrues interest to related parties within the group.

### 25.2.2 Impairment of financial assets

The group has trade receivables for sales of inventory that are subject to the expected credit loss model.

#### Provision for doubtful debts

Debtors are provided for on a monthly basis, based on the following policy:

Provide for all debt in outstanding for 1 year or more;

Provide for all state related penalties and claims;

Provide for all invoices for which no supporting documentation is not available;

Provide on specific debt, i.e. companies in business rescue or busy with liquidation and any debtor for which recovery is unlikely.

This policy is supported by a forward looking view on the recoverability of debtors, taking into account historical trends, where we have had no write-off of state debt. Also owing to government debt being tender related, that is contract with National Department of Health, thus a legally bound relationship exist and will continue to exist as demonstrated in other tender related business. When Tender contracts expire, management takes a forward looking view on the recoverability of outstanding debt as per the expired contracts, and this is provided for over and above the conditions noted above. Based on historical events, State continues to pay debt related to expired tender agreements and as such we expect this trend to continue, as we have a mutually beneficial relationship and the entity is still engaged in other active contracts and as such, no separation of trade has occurred.

Due to thorough methodology and the hindsight review, management is confident that the current methodology remains appropriate.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

*Financial risk management continued...*

### 25.2.3 Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

#### Impairment losses

- individually impaired receivables (previous accounting policy)	21,325,494	5,879,687	5,792,188	1,275,057
Net impairment losses on financial and contract assets	21,325,494	5,879,687	5,792,188	1,275,057

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

---

*Financial risk management continued...*

### 25.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
--------------	---------------	---------------	-----------------	-----------------

### Financial risk management continued...

#### 25.3.1 Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the 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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities	Between 6 months and 1 year	Between 1 and 2 years	Total contractual cash flows	Carrying amount
<b>Year ended 31 March 2020 - Group</b>				
<b>Non-derivatives</b>				
Trade and other payables excluding non-financial liabilities (Note 14)	29,968,981	-	29,968,981	230,306,935
Right of Use Lease Liability (Note 15)	3,945,751	(65,792)	3,879,959	3,945,751
Amounts due to related parties	183,298,840	-	183,298,840	-
Loans from shareholders	-	-	-	-
<b>Total non-derivatives</b>	<b>217,213,572</b>	<b>(65,792)</b>	<b>217,147,780</b>	<b>234,252,686</b>
<b>Year ended 31 March 2019 - Group</b>				
<b>Non-derivatives</b>				
Trade and other payables excluding non-financial liabilities (Note 14)	70,727,348	-	70,727,348	812,743,962
Amounts due to related parties	681,317,355	-	681,317,355	-
<b>Total non-derivatives</b>	<b>752,044,703</b>	<b>-</b>	<b>752,044,703</b>	<b>813,961,459</b>
<b>Year ended 31 March 2020 - Company</b>				
<b>Non-derivatives</b>				
Trade and other payables excluding non-financial liabilities (Note 14)	13,730,199	-	13,730,199	221,454,045
Right of Use Lease Liability (Note 15)	-	3,879,959	3,879,959	-
Amount due to related parties	133,624,572	-	133,624,572	-
Loans from shareholders	-	-	-	-
<b>Total non-derivatives</b>	<b>147,354,771</b>	<b>3,879,959</b>	<b>151,234,730</b>	<b>221,454,045</b>
<b>Year ended 31 March 2019 - Company</b>				
<b>Non-derivatives</b>				
Trade and other payables excluding non-financial liabilities (Note 14)	29,012,388	-	29,012,388	367,847,527
Amount due to related parties	205,276,154	-	205,276,154	-
<b>Total non-derivatives</b>	<b>234,288,542</b>	<b>-</b>	<b>234,288,542</b>	<b>367,847,527</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R

### 26. Cash flows from operating activities

<b>Profit before Tax</b>	<b>17,348,794</b>	<b>(21,393,158)</b>	<b>17,574,222</b>	<b>(143,647,049)</b>
<b>Adjustments for:</b>				
Finance income	(8,524,657)	(23,218,480)	(15,862,483)	(31,213,191)
Finance costs	923,206	8,551,333	923,206	8,551,333
Depreciation and amortisation expense	3,534,940	1,127,456	3,531,163	473,659
Movement in bad debts provision	21,235,494	10,363,436	5,792,188	(7,371,724)
Movement in stock provision	(9,860,796)	-	(4,812,841)	-
<b>Change in operating assets and liabilities:</b>				
Adjustments for decrease / (increase) in inventories	188,752,994	(107,354,347)	88,174,794	(111,113,242)
Adjustments for decrease in trade accounts receivable	368,676,338	88,593,866	54,657,429	176,005,440
Adjustments for (decrease) / increase in trade accounts payable	(582,437,029)	214,444,117	(121,625,827)	200,881,067
<b>Net cash flows from operations</b>	<b>(350,716)</b>	<b>197,061,820</b>	<b>28,351,851</b>	<b>92,566,293</b>

# Ranbaxy South Africa (Pty) Ltd

(Registration Number 1993/001413/07)

Consolidated and Separate Financial Statements for the year ended 31 March 2020

## Notes to the Consolidated and Separate Financial Statements

Figures in R	Group 2020	Group 2019	Company 2020	Company 2019
<b>27. Guarantees and bills discounted</b>				
Guarantees issued by the bank in favour of the company	520,000	520,000	520,000	520,000