

Corporate Information

Board of Directors:

Olaogun Badru Atanda	- Chairman	
Kapoor Dinesh (Indian)	- Managing Director	
Sawhney Arun (Indian)		
Samson Yomi Osewa		
Dani Sanjeev (Indian)		Appointed 24 June 2010
Mahna Sanjeev (Indian)		Appointed 24 June 2010
Malhotra Ashwini (Indian)		Appointed 24 June 2010
Sobti Atul (Indian)		Resigned 24 June 2010
Chakravati Ranjan (Indian)		Resigned 24 June 2010
Sethi Omesh (Indian)		Resigned 24 June 2010
Madan Ashish (Indian, alternate to Sawhney Arun)		

Registered Office:

Western House (15th Floor)
8/10 , Broad Street,
Lagos

Auditors:

KPMG Professional Services
22A Gerrard Road
Ikoyi , Lagos
Tel: 01 - 2718955

Legal Advisers

Badru Olaogun & Co
Western House (15th Floor)
8/10, Broad Street
Lagos

Results at a Glance

	2010	2010	2009	2009	% Increase/ <u>(Decrease)</u>
	₦ '000	INR '000	₦ '000	INR '000	
Turnover	2,959,430	896,362	2,975,900	901,351	(1)
Profit before taxation	717,688	217,376	599,777	181,663	20
Profit after taxation	483,532	146,454	396,440	120,075	22
Declared dividend during the year	16,000	4,846	20,000	6,058	(20)
Share capital	40,000	11,989	40,000	11,989	Nil
Shareholders' funds	1,983,211	594,416	1,515,679	454,286	31

**Per kobo share data based on 40,000,000 ordinary
shares of N1 [INR 0.30] each as at 31 December 2010 (in kobo)**

Earnings per share	1,209	366	991	300	22
Declared dividend per share	40	12	50	15	(20)
Proposed dividend per share	40	12	40	12	-
Net assets per share	4,958	1,486	3,789	1,136	31

Directors' Report

For the year ended 31 December 2010

1 Financial Statement

The directors are pleased to present their annual report on the affairs of Ranbaxy Nigeria Limited ("the Company") together with the financial statements and the auditor's report for the year ended 31 December 2010.

2 Principal Activities

The principal activities of the Company continue to be the manufacture, importation and sale of pharmaceutical products in Nigeria.

3 Operating Results

The following is a summary of the company's operating results:

	2010	2009
	₦ '000	₦ '000
Turnover	2,959,430	2,975,900
Operating profit	662,583	523,956
Profit before tax	717,688	599,777
Profit after tax	483,532	396,440
General reserve	1,904,260	1,436,728
	2010	2009
	INR '000	INR '000
Turnover	896,362	901,351
Operating profit	200,686	158,698
Profit before tax	217,376	181,663
Profit after tax	146,454	120,075
General reserve	570,753	430,622

4 Dividend

(a) Declared dividend

A dividend of forty kobo (40 kobo) per ordinary share of ₦1 [INR 3] each amounting to ₦16 [IN INR 5] million was declared and paid during the year (2009: 50 kobo per ordinary share of ₦1 [IN INR 3] each amounting to ₦20 [IN INR 6] million).

(b) Proposed dividend

The directors further recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a dividend of forty kobo (40K) per ordinary share of ₦1 [IN INR 3] each amounting to N16

[IN INR 5]million (2009: 40k per ordinary share of ₦1 [3] each amounting to ₦16 [IN INR 5] million). If the proposed dividend is approved, it will be subject to deduction of withholding tax at the appropriate rate.

5 Directors and their Interests

(a) The directors that served during the year together with their interests in the shares of the Company at the year end were as follows:

	No of ordinary shares of N1 [INR 0.30] each	
	2010	2009
Olaogun Badru Atanda	684,104	684,104
Kapoor Dinesh	-	-
Malhotra Ashwini	-	-
Samson Yomi Osewa	-	-
Dani Sanjeev	-	-
Sawhney Arun	-	-
Mahna Sanjeev	-	-
Madan Ashish	-	-
Sobti Atul	-	-
Chakravati Ranjan	-	-
Sethi Omesh	-	-

(b) Except as disclosed in Note 17 to the financial statements, none of the directors has notified the Company of any declarable interests in contracts with the Company.

6 Analysis of Shareholding

The names of significant shareholders and their allotted holding at the year end were as follows:

Shareholders	<u>%</u>	<u>No of ordinary shares of N1 each</u>	<u>Amount (₦)</u>
Ranbaxy (Netherlands) B.V.	52.63	21,052,302	21,052,302
Ranbaxy Laboratories Limited, India	32.68	13,070,648	13,070,648
Individual shareholders	14.69	5,877,050	5,877,050
	100	40,000,000	40,000,000

Shareholders	<u>%</u>	<u>No of ordinary shares of N1 [0.30]</u>	<u>Amount (INR)</u>
---------------------	----------	---	---------------------

Ranbaxy (Netherlands) B.V.	52.63	21,052,302	6,309,886
Ranbaxy Laboratories Limited, India	32.68	13,070,648	3,917,590
Individual shareholders	14.69	5,877,050	1,761,494
	100	40,000,000	11,988,970

Apart from the Ranbaxy Laboratory Group that jointly holds 85.31% of the issued share capital, no other shareholder held 5% or more of the issued share capital of the Company as at 31 December 2010.

7 Fixed Assets

Information relating to fixed assets is disclosed in Note 5 to the financial statement.

8 Donations

The company did not make any donation during the year.

9 Acquisition of Own Shares

The Company did not purchase any of its own shares during the year.

10 Employment and employees

(a) *Employment of physically challenged persons:*

The Company does not discriminate in considering applications for employment from physically challenged persons. All employees, whether or not physically challenged, are given equal opportunities to develop their experience and knowledge and qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees. The Company had no physically challenged person in its employment as at 31 December 2010.

(b) *Health, Safety and Welfare at work:*

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

(c) *Employees consultation and training:*

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its employees. This has broadened opportunities for career development within the organisation.

11 Auditors

Messrs KPMG Professional Services have indicated their willingness to continue in office as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Sd/-
Directors

Sd/-
Directors

Western House (15th Floor)
8/10, Broad Street,
Lagos.

25 February 2011

Statement of Directors' Responsibilities for the year ended 31 December 2010

The directors accept responsibility for the preparation of the annual financial statements set out on pages 8 to 24 that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

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

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Olaogun Badru Atanda _____

Director's name

Sd/- _____
Signature and Date 25- Feb- 2011

Kapoor Dinesh _____

Director's name

Sd/- _____
Signature and Date 25-Feb - 2011

INDEPENDENT AUDITORS' REPORT

To the Members of **Ranbaxy Nigeria Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Ranbaxy Nigeria Limited ("the Company")**, which comprise the balance sheet as at 31 December 2010, the profit and loss account, statement of cash flows and value added statement for the year then ended, and the statement of accounting policies, notes to the financial statements and the five year financial summary as set out on pages 8 to 24.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Ranbaxy Nigeria Limited** as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's balance sheet and profit and loss account are in agreement with the books of account.

Sd/-

25 February 2011

Lagos, Nigeria

Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current and preceding years, except as disclosed in note (e) is set out below.

(a) **Basis of Accounting**

The financial statements are prepared under the historical cost convention and have been prepared on a going concern basis.

(b) **Turnover**

Turnover represents the invoiced value of products delivered to customers during the year, net of discounts and sales returns.

(c) **Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Fixed assets under construction are disclosed as capital work -in - progress.

(d) Depreciation is provided at rates calculated to write off the value, less estimated residual value of each asset on a straight line basis over their estimated useful life as follows:

Leasehold improvements	-	Over the leasehold period
Plant and machinery	-	10% per annum
Furniture and fittings	-	20% per annum
Motor vehicles	-	25% per annum
Generators	-	25% per annum

Capital work - in - progress is not depreciated. The attributable cost of each asset is transferred to the relevant category immediately the asset is available for use and depreciated accordingly.

Gains or losses on disposal of fixed assets are included in the profit and loss account.

(e) **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost incurred in bringing each stock item to its present location and condition is based on:

Purchased finished goods, raw and packaging materials	-	purchase cost on a weighted average basis including transportation and clearing costs
Manufactured finished goods, and work -in-progress	-	Cost of direct materials on a weighted average basis, labour costs and a proportion of production overheads based on normal levels of activity.
Goods-in - transit	-	Purchase cost incurred to date

Weighted average cost is reviewed periodically to ensure it consistently approximates historical cost.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal.

Allowance is made for obsolete, slow-moving or defective items where appropriate.

In prior year, the basis for inventory costing applied by the Company was First-in-first-out (FIFO). The impact of the change from FIFO to WAC in the current year amounted to ₦482,179. No adjustment has been reflected in the financial statements as the amount is immaterial.

(f) **Debtors**

Debtors are stated net of allowances for debts considered bad or doubtful of recovery.

(g) **Provisions**

A provision is recognised only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(h) **Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded in Naira at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year-end are retranslated into Naira at the rates of exchange prevailing at the balance sheet date.

Any gain or loss arising from a change in exchange rates, subsequent to the dates of transactions, is included as an exchange gain or loss in the profit and loss account.

(i) **Taxation**

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected income tax payable on the taxable income using applicable statutory tax rates.

(j) **Deferred Taxation**

Deferred taxation, which arises from differences in the timing of recognition of items, in the financial statements and by the tax authorities, is calculated using the liability method. Deferred tax is provided on all timing differences at the rates of tax likely to be in force at the time of reversal. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) **Employee Retirement Benefits**

The Company operates the following long term employee benefits for its permanent employees.

(i) *Defined benefit gratuity scheme:*

Gratuity payable on retirement or resignation of employment is accrued over the service life of the employees. The liability is determined by independent actuarial valuation using the projected unit credit method. Under this method, the past service cost of current pay rises is charged to the profit and loss account as pay rises are awarded. In determining the liability, consideration is given to future increases in salary rates and the Company's experience with staff turnover.

Actuarial gains or losses arising from valuations and the effect of any curtailment are charged to the profit and loss account immediately. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

(ii) *Defined Pension contribution scheme:*

In line with the provisions of the Pension Reform Act 2004, the Company instituted a defined contribution pension scheme for all its permanent staff. Under the scheme, both the employees and the Company contribute 7.5% each of the employees' basic salary, transport and housing allowances to the scheme. Employee contributions to the pension scheme are funded through payroll deductions while the Company's contribution are charged to the profit and loss account.

(l) **Leases**

(i) *Operating leases*

Lease rental expenses are charged to the profit and loss account on a systematic basis in line with the time pattern of the benefit derived by the Company. When an operating lease is terminated before the lease term has expired; any payment to the lessor that is required by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) *Finance leases*

Finance leases are capitalised as fixed assets at their fair value at the inception of the lease less the present value of any un-guaranteed or partially guaranteed residual value that would accrue to the Company at the end of the lease term. Where it is not possible to determine the fair value, finance leases are capitalised at the present value of minimum lease payments at the inception of the lease and a corresponding finance lease liability is raised. Such assets are depreciated in accordance with the relevant accounting policy on fixed assets. Lease payments are allocated between finance lease costs and a capital reduction of the finance lease liability. Finance lease costs are allocated to the profit and loss account over the term of the lease using the effective interest rate method so as to produce a constant periodic rate of return on the remaining balance of the liability for each period.

(m) **Impairment**

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account except where they relate to previously revalued assets, in which case, they are recognised directly against any revaluation surplus to the extent that an amount is included in the revaluation reserve account for the related assets, with any remaining loss recognised in the profit and loss account.

(n) **Cash and cash equivalents**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank balances and short term investments in money market instruments.

(o) **Segment Reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is required to be presented in respect of the Company's business and geographical segments, where applicable.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis

Profit and Loss Account
For the year ended 31 December 2010

3.3016

	Notes	2010		2009	
		N'000	INR'000	N'000	INR'000
Turnover	1	2,959,430	896,362	2,975,900	901,351
Cost of sales		(1,665,755)	(504,530)	(1,889,866)	(572,409)
GROSS PROFIT		1,293,675	391,833	1,086,034	328,942
Marketing and distribution expenses		(216,873)	(65,687)	(219,829)	(66,583)
Administrative expenses		(414,219)	(125,460)	(342,249)	(103,662)
OPERATING PROFIT		662,583	200,686	523,956	158,698
Interest income		55,105	16,690	81,059	24,551
Interest expense		-	0	(5,238)	(1,587)
PROFIT BEFORE TAXATION	2	717,688	217,376	599,777	181,663
Taxation	3(a)	(234,156)	(70,922)	(203,337)	(61,587)
PROFIT AFTER TAXATION		483,532	146,454	396,440	120,075
APPROPRIATION					
Transferred to general reserve	14	483,532	146,454	396,440	120,075
Earnings per share (kobo)	4	1,209	366	991	300
Declared dividend per share (kobo)	4	40	12	50	15

The accounting policies on pages 8 to 11 and accompanying notes on pages 15 to 22 form an integral part of these financial statements

Balance Sheet

3.3364

As at 31 December 2010

	Notes	2010		2009	
		₦'000	INR'000	₦'000	INR'000
NON CURRENT ASSETS					
Fixed assets	5	144,811	43,403	167,522	50,210
Long term prepayments		31,341	9,394	38,022	11,396
Deferred taxation	6	822	246	5,631	1,688
TOTAL NON CURRENT ASSET		176,974	53,043	211,175	63,294
CURRENT ASSETS:					
Stocks	7	892,692	267,561	673,699	201,924
Debtors and prepayments	8	381,142	114,238	445,814	133,621
Cash and cash equivalents		1,231,559	369,128	890,042	266,767
		2,505,393	750,927	2,009,555	602,312
CREDITORS: Amounts falling due within one					
Trade Creditors		(44,580)	(13,362)	(90,454)	(27,111)
Tax payable	3(b)	(249,642)	(74,824)	(243,074)	(72,855)
Intercompany payable	9	(214,696)	(64,350)	(187,164)	(56,098)
Dividend payable	10	(1,513)	(453)	(1,121)	(336)
Other creditors and accruals	11	(149,942)	(44,941)	(138,238)	(41,433)
TOTAL CURRENT LIABILITIES		(660,373)	(197,930)	(660,051)	(197,833)
NET CURRENT ASSETS		1,845,020	552,997	1,349,504	404,479
TOTAL ASSETS LESS CURRENT		2,021,994	606,041	1,560,679	467,773
CREDITORS: Amounts falling due after one					
Provision for gratuity	12	(38,783)	(11,624)	(45,000)	(13,488)
NET ASSETS		1,983,211	594,417	1,515,679	454,286
CAPITAL AND RESERVES					
Share capital	13	40,000	11,989	40,000	11,989
Share premium		38,951	11,675	38,951	11,675
General reserve	14	1,904,260	570,753	1,436,728	430,622
SHAREHOLDERS' FUND		1,983,211	594,416	1,515,679	454,286

APPROVED BY THE BOARD OF DIRECTORS ON 25 FEB 2011
 AND SIGNED ON THEIR BEHALF BY:

.....) Directors

.....) Directors

The accounting policies on pages 8 to 11 and accompanying notes on pages 15 to 22 form an integral part of these financial statements

Statement of Cash Flows

For the year ended 31 December 2010

	Notes	2010		2009	
		₦'000	INR'000	₦'000	INR'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating profit before working capital changes	15	733,123	219,735	595,206	178,398
Working capital changes	16	(154,190)	(46,214)	(953,535)	(285,798)
Income tax paid	3(b)	(222,779)	(66,772)	(162,649)	(48,750)
Gratuity paid	12	11,217	3,362	-	0
VAT paid		(88)	(26)	(933)	(280)
Net cash inflow/(outflow) from operating activities		367,283	110,084	(521,911)	(156,429)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of fixed assets		(44,070)	(13,209)	(61,013)	(18,287)
Proceeds from sale of fixed assets		1,241	372	1,734	520
Interest received		55,105	16,516	81,059	24,295
Net cash inflow from investing activities		12,276	3,679	21,780	6,528
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividend paid	10	(15,608)	(4,678)	(19,701)	(5,905)
Interest paid		-	0	(5,238)	(1,570)
Finance lease repaid		-	0	(3,692)	(1,107)
Net cash outflow from financing activities		(15,608)	(4,678)	(28,631)	(8,581)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		341,517	102,361	(528,762)	(158,483)
CASH AND CASH EQUIVALENTS, beginning of year		890,042	266,767	1,418,804	425,250
CASH AND CASH EQUIVALENTS, end of year		1,231,559	369,128	890,042	266,767

The accounting policies on pages 8 to 11 and accompanying notes on pages 15 to 22 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2010

1 Turnover

Turnover which comprises entirely of domestic sales, represents the invoiced value of products delivered to customers during the year, net of discounts and sales returns.

2 Profit before taxation

(a) Profit before taxation is stated after charging /(crediting):

	2010		2009	
	₦'000	INR'000	₦'000	INR'000
Depreciation	65,174	19,740	72,749	22,034
Staff costs (Note (b))	154,019	46,650	155,643	47,142
Auditors' remuneration	6,000	1,817	4,500	1,363
Directors' remuneration	5,506	1,668	4,916	1,489
Technical know-how fees (Note 17 (a) and (b))	40,238	12,187	36,024	10,911
(Profit)/loss on foreign exchange transactions	(19,316)	(5,850)	54,732	16,577
Loss/(profit) on disposal of fixed assets	366	111	(1,197)	(363)

(b) Staff costs and directors remuneration

i Staff costs during the year is analysed as follows:

	2010		2009	
	₦'000	INR'000	₦'000	INR'000
Salaries and wages	141,553	42,874	151,122	45,772
Defined benefit gratuity charge/ (credit)	5,000	1,514	(302)	(91)
Defined contribution pension charge	7,466	2,261	4,823	1,461
	154,019	46,650	155,643	47,142

- ii Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and gratuity) in the following ranges:

<u>₦</u>	<u>₦</u>	<u>INR</u>	<u>INR</u>	<u>2010</u>	<u>2009</u>
				Number	Number
400,001	-	600,000	121,154	-	181,730
600,001	-	800,000	181,730	-	242,307
800,001	-	1,000,000	242,307	-	302,883
1,000,001	-	1,200,000	302,884	-	363,460
1,200,001	-	1,400,000	363,460	-	424,037
1,400,001	-	1,600,000	424,037	-	484,614
1,600,001	-	1,800,000	484,614	-	545,190
1,800,001	-	2,000,000	545,191	-	605,767
2,000,001	-	2,500,000	605,767	-	757,209
2,500,001	-	3,000,000	757,209	-	908,650
3,000,001	-	3,500,000	908,651	-	1,060,092
3,500,001	-	4,000,000	1,060,092	-	1,211,534
4,000,001	-	4,500,000	1,211,534	-	1,362,976
4,500,001	-	5,500,000	1,362,976	-	1,665,859
				<u>128</u>	<u>130</u>

- iii The number of full- time persons employed as at 31 December 2010 was as follows:

	<u>2010</u>	<u>2009</u>
	Number	Number
Production	47	47
Supply chain	4	4
Sales and Marketing	62	63
Administration	15	16
	<u>128</u>	<u>130</u>

- iv Directors' Remuneration:
Remuneration paid to directors' of the Company (excluding certain benefits) during the year was as follows:

	<u>2010</u>		<u>2009</u>	
	₦'000	INR'000	₦'000	INR'000
Highest paid director (executive)	5,506	1,668	4,916	1,489
Chairman (non executive)	-	-	-	-
Other directors (all non executives)	-	-	-	-
	<u>5,506</u>	<u>1,668</u>	<u>4,916</u>	<u>1,489</u>

3 Taxation

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

(a) Per profit and loss account:

	2010		2009	
	₦'000	INR'000	₦'000	INR'000
Income tax	213,852	64,772	222,896	67,512
Education tax	15,495	4,693	15,512	4,698
	<u>229,347</u>	<u>69,465</u>	<u>238,408</u>	<u>72,210</u>
Deferred taxation (Note 6)	4,809	1,457	(35,071)	-10,622
	<u>234,156</u>	<u>70,922</u>	<u>203,337</u>	<u>61,587</u>

(b) Per balance sheet:

	2010		2009	
	₦'000	INR'000	₦'000	INR'000
Balance, beginning of the year	243,074	72,855	223,875	67,101
Charge for the year	229,347	68,741	238,408	71,457
Payments during the year:				
- withholding tax credit utilised	-		(56,560)	(16,952)
- cash payment	(222,779)	(66,772)	(162,649)	(48,750)
	<u>249,642</u>	<u>74,824</u>	<u>243,074</u>	<u>72,855</u>

4 Earnings and declared dividend per share

Earnings and declared dividend per share are based respectively on profit after taxation for the year of ₦483.5 million [INR 146.4 million] (2009: ₦396.4 million [INR 120.1 million]) and ₦16 million [INR 4.8 million] (2009: ₦20 million [INR 6.1 million]) declared dividend and on 40,000,000 ordinary shares of ₦1 [INR 0.3] each, being the number of ordinary shares in issue during the current and

5 **Fixed Assets**

(a) The movement on these accounts was as follows:

	<u>Leasehold Improvements</u> N'000	<u>Plant & Machinery</u> N'000	<u>Motor Vehicles</u> N'000	<u>Furniture & Fittings</u> N'000	<u>Generators</u> N'000	<u>Capital work-in- Progress</u> N'000	<u>Total</u> N'000
COST:							
Beginning of year	94,201	139,410	145,064	74,829	14,580	19,556	487,640
Additions	10,808	78	19,315	9,669	4,200	-	44,070
Transfers	11,709	-	-	7,847	-	(19,556)	-
Disposals	(86)	(3,992)	-	(4,004)	(324)	-	(8,406)
End of year	<u>116,632</u>	<u>135,496</u>	<u>164,379</u>	<u>88,341</u>	<u>18,456</u>	<u>-</u>	<u>523,304</u>
ACCUMULATED DEPRECIATION:							
Beginning of year	88,069	66,440	97,390	64,350	3,869	-	320,118
Charge	10,872	13,507	32,165	4,911	3,719	-	65,174
Disposals	(86)	(2,407)	-	(3,982)	(324)	-	(6,799)
End of year	<u>98,855</u>	<u>77,540</u>	<u>129,555</u>	<u>65,279</u>	<u>7,264</u>	<u>-</u>	<u>378,493</u>
NET BOOK VALUE:							
End of year	<u>17,777</u>	<u>57,956</u>	<u>34,824</u>	<u>23,062</u>	<u>11,192</u>	<u>-</u>	<u>144,811</u>
Beginning of year	<u>6,132</u>	<u>72,970</u>	<u>47,674</u>	<u>10,479</u>	<u>10,711</u>	<u>19,556</u>	<u>167,522</u>
COST:							
Beginning of year	28,234	41,785	43,479	22,428	4,370	5,862	146,158
Additions	3,239	23	5,789	2,898	1,259	-	13,209
Transfers	3,510	-	-	2,352	-	(5,862)	-
Disposals	(26)	(1,196)	-	(1,200)	(97)	-	(2,520)
End of year	<u>34,957</u>	<u>40,611</u>	<u>49,268</u>	<u>26,478</u>	<u>5,532</u>	<u>-</u>	<u>156,847</u>
ACCUMULATED DEPRECIATION:							
Beginning of year	26,396	19,914	29,190	19,287	1,160	-	95,947
Charge	3,259	4,049	9,641	1,472	1,115	-	19,534
Disposals	(26)	(721)	-	(1,194)	(97)	-	(2,038)
End of year	<u>29,629</u>	<u>23,241</u>	<u>38,831</u>	<u>19,566</u>	<u>2,177</u>	<u>-</u>	<u>113,444</u>
NET BOOK VALUE:							
End of year	<u>5,328</u>	<u>17,371</u>	<u>10,438</u>	<u>6,912</u>	<u>3,355</u>	<u>-</u>	<u>43,403</u>
Beginning of year	<u>1,838</u>	<u>21,871</u>	<u>14,289</u>	<u>3,141</u>	<u>3,210</u>	<u>5,862</u>	<u>50,210</u>

6 Deferred taxation

The movement on the deferred tax account was as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Balance, beginning of year	(5,631)	(1,688)	29,440	8,824
Charge/(credit) to profit and loss account	4,809	1,441	(35,071)	(10,512)
Balance, end of year	(822)	(246)	(5,631)	(1,688)

7 Stocks

Stocks are analysed as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Raw and packaging materials	268,770	80,557	185,820	55,695
Finished goods	500,925	150,139	390,074	116,915
Goods - in- transit	122,997	36,865	97,805	29,315
	892,692	267,561	673,699	201,924

8 Debtors and prepayments

Debtors and prepayments are analysed as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Trade debtors	246,618	73,917	350,174	104,956
Other receivables	56,089	16,811	24,617	7,378
Short term prepayments	66,844	20,035	62,972	18,874
Staff loans and advances	11,591	3,474	8,051	2,413
	381,142	114,238	445,814	133,621

9 Intercompany payable

Intercompany payable represents amount due to Ranbaxy Laboratories Limited in respect of purchase of raw materials and finished goods and technical service fees payable (see Note 17 (a) and (b)).

10 Dividend payable

The movement on dividend payable account was as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Balance, beginning of the year	1,121	336	822	246
Dividend declared	16,000	4,796	20,000	5,994
Payments	(15,608)	(4,678)	(19,701)	(5,905)
Balance, end of the year	1,513	453	1,121	336

The directors recommend to shareholders at the forthcoming Annual General Meeting, the declaration of a dividend of forty kobo (40K) per ordinary share of ₦1 [INR 0.3] each amounting to ₦16 million [INR 4.8 million] (2009: 40k per ordinary share of ₦1 [INR 0.3] each amounting to ₦16 [INR 4.8 million] million).

11 Other creditors and accruals are analysed as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Accruals	123,622	37,053	109,404	32,791
Other creditors	26,320	7,889	28,834	8,642
	<u>149,942</u>	<u>44,941</u>	<u>138,238</u>	<u>41,433</u>

12 **Provision for gratuity**

The movement on provision for gratuity was as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Balance, beginning of year	45,000	13,488	45,302	13,578
Charge/(credit) for the year	5,000	1,499	(302)	(91)
Payments	(11,217)	(3,362)	-	-
Balance, end of year	<u>38,783</u>	<u>11,624</u>	<u>45,000</u>	<u>13,488</u>

13 **Share capital**

	2010		2009	
	N'000	INR'000	N'000	INR'000
Authorised 40,00,000 ordinary shares of ₦1 each	40,000	11,989	40,000	11,989
Alloted, called-up and fully paid 40,00,000 ordinary shares of ₦1 each	40,000	11,989	40,000	11,989

14 **General reserve**

The movement on the general reserve account was as follows:

	2010		2009	
	N'000	INR'000	N'000	INR'000
Balance, beginning of the year	1,436,728	430,622	1,052,964	315,599
Transfer from profit and loss account	483,532	144,926	396,440	118,823
Declared dividend	(16,000)	(4,796)	(20,000)	(5,994)
Transfer from fixed assets revaluation reserves	-	-	7,324	2,195
Balance, end of the year	<u>1,904,260</u>	<u>570,753</u>	<u>1,436,728</u>	<u>430,622</u>

15 Operating profit before working capital changes

	2010		2009	
	₦'000	INR'000	₦'000	INR'000
Profit after tax	483,532	144,926	396,440	118,823
Add back:				
- Taxation	234,156	70,182	203,337	60,945
- Interest expense	-	-	5,238	1,570
- Interest income	(55,105)	(16,516)	(81,059)	(24,295)
Operating profit	662,583	198,592	523,956	157,042
Adjustment for non-cash items:				
- depreciation	65,174	19,534	72,749	21,805
- loss/(profit) on disposal of fixed assets	366	110	(1,197)	(359)
- gratuity charge/(credit)	5,000	1,499	(302)	(91)
	733,123	219,735	595,206	178,398

16 Working capital changes

	2010		2009	
	₦'000	INR'000	₦'000	INR'000
Increase in stocks	(218,993)	(65,637)	(86,587)	(25,952)
Decrease/(increase) in debtors and prepayments	71,353	21,386	(169,273)	(50,735)
Decrease/(increase) in trade creditors	(45,874)	(13,749)	56,901	17,055
Increase/(decrease) in other creditors and accruals	11,792	3,534	(243,937)	(73,114)
Increase/(decrease) in intercompany payable	27,532	8,252	(510,639)	(153,051)
	(154,190)	(46,214)	(953,535)	(285,798)

17 Related party transactions

- (a) The Company is a subsidiary of Ranbaxy (Netherlands) B.V. (RNBV). RNBV holds 52.63% of the ordinary share capital of the Company. RNBV is a subsidiary of Ranbaxy Laboratories Limited (RLL) of India while RLL is a subsidiary of Daiichi Sankyo, a company registered in Japan. RLL holds 32.68% of the ordinary shares of the Company.
- (b) Ranbaxy Laboratories Limited (RLL)
- (i) The Company sources majority of its raw materials and finished goods from RLL. The value of raw materials and finished goods purchased during the year amounted to ₦1.165 billion [IN INR 349 billion](2009: ₦ 1.27: billion [IN INR 382 billion]).
- (ii) The Company had a technical know-how agreement with RLL. The technical know-how agreement is duly approved by the National Office for Technology Acquisition and Promotion (NOTAP).

The fee payable under the agreement is computed as a percentage of net revenue from locally manufactured products. Technical know-how fees for the year amounted to ₦40.24 million [INR 12.05 million] (2009: ₦36.02 million [INR 10.80 million]).

As at year end, an amount of ₦214.69 million [In INR 64.34 million] (2009: ₦187.16 million, IN INR 56.10 million) was due to RLL from the Company (Note 9).

- (c) **Samson Yomi Osewa**
Samson Yomi Osewa is a member of the board of directors of the Company. During the year, Samson Yomi Osewa provided consultancy services to the Company. Total consultancy fees for the year amounted to ₦0.8 million [INR 0.24 million] (2009: ₦0.8 million [INR 0.24 million]).
- (d) **Badru Olaogun Atanda**
Badru Olaogun Atanda is the Chairman of the Company. He is a principal partner in Badru Olaogun & Co, the Company's solicitors and company secretary. Total Legal fees paid to Badru Olaogun & Co during the year amounted to ₦0.12 million [0.4 million](2009: ₦0.13 million [INR 0.04 million]).
- 18 Guarantees and other financial commitments**
- (a) **Litigation**
The Company is engaged in a lawsuit, which have arisen in the normal course of business. Total claim against the Company in respect of the litigation amounted to ₦15 million [INR 5 million] excluding interest on the amount. Based on legal advice received from the Company's solicitors, the directors believe that the Company is not likely to suffer any material loss on conclusion of the litigation. Consequently, no provision has been made in these financial statements.
- (b) **Financial commitments/guarantees**
The Company provided a cash collateral of ₦11.1 million [INR 3.3 million] in a fixed deposit account in respect of three bid bonds issued by one of its bankers in favour of one of its customers, the Federal Ministry of Health, in fulfilment of the requirements for bidding for the supply of anti-retroviral drugs. The bid bonds will expire at various times between end of February and August 2011. Consequently, the use of the ₦11.1 million [INR 3.3 million] included in cash and cash equivalents is restricted.
- 19 Post Balance sheet Events**
There are no significant post balance sheet events which could have had a material effect on the financial position of the Company as at 31 December 2010, that have not been provided for or disclosed in these financial statements.
- 20 Comparative Figures**
Certain prior year figures have been reclassified to conform with the presentation format adopted in current year.
- 21 Segment Reporting**
Importation, manufacturing and sale of pharmaceutical products is the Company's primary business segment as all its revenues are derived from this operation, which bears similar risks and returns. Additionally, all of the Company's business activities are conducted within the same geographical region in Nigeria. Accordingly, no further business or geographical segment information is reported.

Value Added Statement
For the year ended 31 December 2010

	2010		%	2009	
	N'000	INR'000		N'000	INR'000
Turnover	2,959,430	896,362		2,975,900	901,351
Brought in materials and services:					
- Local	(911,712)	(276,142)		(925,814)	(280,414)
- Imported	<u>(1,165,942)</u>	<u>(353,144)</u>		<u>(1,297,738)</u>	<u>(393,063)</u>
	881,776	267,075		752,348	227,874
Interest Received	55,105	16,690		81,059	24,551
Value Added	<u>936,881</u>	<u>283,766</u>	<u>100</u>	<u>833,407</u>	<u>252,425</u>
Applied to pay:					
Government as taxes	234,156	70,922	25	203,337	61,587
Employees as wages, salaries and end of service benefits	154,019	46,650	16	155,643	47,142
Lenders as interest	-	-	-	5,238	1,587
Retained in the business:					
- to maintain and replace fixed assets (depreciation)	65,174	19,740	7	72,749	22,034
- to augment reserves	483,532	146,454	52	396,440	120,075
	<u>936,881</u>	<u>283,766</u>	<u>100</u>	<u>833,407</u>	<u>252,425</u>

Five - Year Financial Summary

	2010	2009	2008	2007	2006
	N'000	N'000	N'000	N'000	N'000
Turnover	2,959,430	2,975,900	3,505,489	2,478,923	2,990,347
Profit before taxation	717,688	599,777	675,832	234,492	284,258
Profit after taxation	483,532	396,440	448,635	147,189	158,683
Assets employed:					
Non current assets	176,974	211,175	179,795	197,388	194,774
Net current assets	1,845,020	1,349,504	1,037,878	548,520	406,133
Deferred tax liability	-	-	(29,440)	(21,029)	(31,538)
Provision for gratuity	(38,783)	(45,000)	(45,302)	(34,275)	(25,954)
Finance lease liability	-	-	(3,692)	-	-
	1,983,211	1,515,679	1,139,239	690,604	543,415
Financed by:					
Share capital	40,000	40,000	40,000	40,000	40,000
Share premium	38,951	38,951	38,951	38,951	38,951
Revaluation reserve	-	-	7,324	7,324	7,324
General reserve	1,904,260	1,436,728	1,052,964	604,329	457,140
Shareholders' funds	1,983,211	1,515,679	1,139,239	690,604	543,415
Earnings per share (kobo)	1209k	991k	1,122k	418k	447k
Dividend per share (kobo)	40k	50k	50k	50k	50k
	INR'000	INR'000	INR'000	INR'000	INR'000
Turnover	896,362	901,351	1,061,755	750,825	905,727
Profit before taxation	217,376	181,663	204,698	71,024	86,097
Profit after taxation	146,454	120,075	135,884	44,581	48,062

Assets employed:

Non current assets	53,043	63,294	53,889	59,162	58,378
Net current assets	552,997	404,479	311,077	164,405	121,728
Deferred tax liability	0	0	(8,824)	(6,303)	(9,453)
Provision for gratuity	(11,624)	(13,488)	(13,578)	(10,273)	(7,779)
Finance lease liability	0	0	(1,107)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	594,416	454,286	341,458	206,991	162,875
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Financed by:

Share capital	11,989	11,989	11,989	11,989	11,989
Share premium	11,675	11,675	11,675	11,675	11,675
Revaluation reserve	0	0	2,195	2,195	2,195
General reserve	570,753	430,622	315,599	181,132	137,016
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Shareholders' funds

	594,416	454,286	341,458	206,991	162,875
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Earnings per share (IN INR)	362.37	297.03	336.29	125.28	134
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Dividend per share (kobo)	12.12	15.14	15.14	15.14	15.14
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>