

IPCA PHARMA NIGERIA LIMITED, NIGERIA

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report for the year ended March 31, 2015.

Financial Results

Your Company is a wholly owned subsidiary of Ipca Laboratories Ltd (India).

The business activity of the company is importation and marketing of pharmaceutical formulations as well as Active Pharmaceutical Ingredients (APIs).

During the financial year under report, your Company has an income of ₹ 2933.10 lacs (Previous year ₹ 3,403.08 lacs) and during the year under report the operations have resulted in a net loss of ₹ 175.46 Lacs (Previous year : earned a net profit of ₹ 122.24 lacs).

Your company is in process of registering more pharmaceuticals in Nigeria as well as increasing the field force strength to cover more geographies for promoting the company's products in the Nigerian market.

Dividend

In view of the losses incurred during the financial year under report, no dividend is proposed by the Directors.

Directors' Responsibility Statement

Your Directors confirm:

that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

that your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2015 and of the profit and loss of the Company for the year;

that your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

that your Directors have prepared the annual accounts on a going concern basis.

that your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

that your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Employees


During the year under review, the company had no employee who was in receipt of remuneration of not less than ₹ 60,00,000/- per annum or not less than ₹ 5,00,000/- per month or any part thereof.

The relationship between the company and its employees remained cordial throughout the year.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo and other related disclosures

During the year under review, the Company has not carried out any manufacturing activities, Therefore, the information required pursuant to the Companies Act, 2013 are not applicable.

For and on behalf of the Board


S. V. Kollan
Chairman
May 30, 2015

IPCA PHARMA NIGERIA LIMITED
Balance Sheet as at March 31, 2015

Particulars	Note Ref	₹ Lakhs	
		As at 31st March' 2015	As at 31st March' 2014
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	188.94	188.94
(b) Reserves & Surplus	2	398.25	549.43
(c) Money Received Against Share Warrants		-	-
		<u>587.19</u>	<u>738.37</u>
2 Share Application Money Pending Allotment			
		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
		<u>-</u>	<u>-</u>
4 Current Liabilities			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	3	675.96	300.25
(c) Other Current Liabilities	4	4.33	-
(d) Short-Term Provisions	5	-	61.73
		<u>680.29</u>	<u>361.98</u>
TOTAL		<u><u>1,267.48</u></u>	<u><u>1,100.35</u></u>
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	6	44.69	51.47
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets Under Development		-	-
		<u>44.69</u>	<u>51.47</u>
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (net)		-	-
(d) Long-Term Loans & Advances	7	18.42	61.72
(e) Other Non-Current Assets		-	-
		<u>63.11</u>	<u>113.19</u>
2 Current Assets			
(a) Current Investments		-	-
(b) Inventories	8	777.92	689.37
(c) Trade Receivables	9	9.82	49.38
(d) Cash and Bank Balances	10	371.95	151.91
(e) Short-term loans and advances	7	44.68	96.50
(f) Other current assets		-	-
		<u>1,204.37</u>	<u>987.16</u>
TOTAL		<u><u>1,267.48</u></u>	<u><u>1,100.35</u></u>

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss.

For and on behalf of the Board

Place: Mumbai
Date: May 30, 2015



 S. V. Koliyan Chairman
 James G. Awotola Director

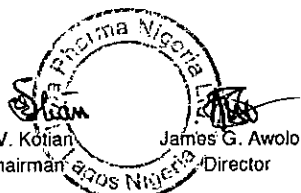
IPCA PHARMA NIGERIA LIMITED
Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note Ref	(₹ Lakhs) 2014-15	(₹ Lakhs) 2013-14
Revenue			
I Revenue from Operations (Gross):			
Sale of products	11	2,921.05	3,371.03
Sale of Services		-	-
Other operating revenue		-	-
Less : Excise duty		-	-
II Other Income	12	12.05	32.05
III Total Revenue (I + II)		2,933.10	3,403.08
IV Expenses			
Cost of Materials Consumed		-	-
Purchase of Stock-in-Trade	13	2,046.85	2,227.32
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	14	(88.55)	(206.37)
Employee Benefit Expenses	15	169.24	192.20
Finance Cost	16	265.41	227.46
Depreciation & Amortization	6	19.00	22.03
Other Expenses	17	685.99	791.27
Loss/(Gain) on Foreign Exchange Transactions		10.62	(32.53)
Total Expenses		3,108.56	3,221.38
V Profit/(Loss) Before exceptional, extraordinary items and Tax (III-IV)		(175.46)	181.70
VI Exceptional Items		-	-
VII Profit/(Loss) Before extraordinary items and Tax (V-VI)		(175.46)	181.70
VIII Extraordinary Items		-	-
IX Profit/ (Loss) Before Tax (VII-VIII)		(175.46)	181.70
X Tax Expense			
1. Current Tax		-	59.46
2. Deferred Tax		-	-
3. Tax Provision for earlier years		-	-
XI Profit/(Loss) After Tax (IX-X)		(175.46)	122.24
XII Earnings per Equity Share: (₹)	19		
Basic and diluted		(0.34)	0.24
Par Value		Naira 1 each	Naira 1 each

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss.

For and on behalf of the Board

Place: Mumbai
Date: May 30, 2015

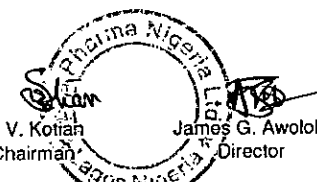

 S. V. Kotian James G. Awolola
 Chairman Director

IPCA PHARMA NIGERIA LIMITED
Cashflow statement for the year ended 31st March 2015

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
1. Net profit/(loss) before taxation	(175.46)	181.70
Adjustments for :		
Depreciation	19.00	22.03
Bad Debts written off/(recovered) (net)	(3.33)	53.18
Foreign Exchange loss / (Gain)	10.62	(32.53)
Profit on sale of Fixed asset (net)	(0.39)	(3.93)
Asset scraped	1.18	2.35
Miscellaneous balances written off/back (net)	0.04	(0.08)
	<u>27.12</u>	<u>41.02</u>
2. Operating profit before working capital changes	(148.34)	222.72
Decrease/(Increase) in Receivables	126.75	2.55
Decrease/(Increase) in Inventories	(88.55)	(206.37)
Increase/(Decrease) in Sundry creditors & provisions	369.42	54.51
	<u>407.62</u>	<u>(149.31)</u>
3. Cash generated from operation	259.28	73.41
Movement in Foreign Currency Translation Reserve	28.80	5.52
Income Tax Refund / (Paid)	(50.51)	(26.78)
	<u>(21.71)</u>	<u>(21.26)</u>
Net cash from operating activities (A)	<u>237.57</u>	<u>52.15</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	9.78	22.47
Purchase of Fixed Assets	(27.31)	(22.57)
	<u>(17.53)</u>	<u>(0.10)</u>
Net cash from / (used) in investing activities (B)	<u>(17.53)</u>	<u>(0.10)</u>
Net increase/(decrease) in cash and cash equivalents (A + B)	<u>220.04</u>	<u>52.05</u>
Cash and cash equivalents at beginning of period	<u>151.91</u>	<u>99.85</u>
Cash and cash equivalents at end of period	<u>371.95</u>	<u>151.91</u>
Components of Cash & Cash equivalents:		
Cash and Cheques on hand	3.93	15.11
Balance with Banks	168.98	136.80
Fixed Deposit with Banks	199.04	-
	<u>371.95</u>	<u>151.91</u>

For and on behalf of the Board

Place: Mumbai
Date: May 30, 2015


 S. V. Kotian James G. Awolola
 Chairman Director

Statement of Significant Accounting policies and Other Explanatory Notes

Background

ACCOUNTING POLICIES

a) Accounting convention

The Financial Statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 (which are deemed to be applicable as per section 133 of the Companies Act 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

b) Conversion in to Indian Rupees:

The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) "Effects of Changes in Foreign Exchange Rates" notified by the Companies (Accounting Standards) Rules 2006. The resultant Foreign Currency Translation Reserve is shown separately under Reserves and Surplus forming part of shareholders funds.

The Assets and Liabilities are translated at closing rate except share capital, which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year.

c) Fixed assets: All fixed assets are recorded at cost of acquisition.

d) Depreciation: Depreciation is computed on straight line basis over the estimated useful life of the assets at the following rates:

Leasehold improvement	10%
Office Equipment	10%
Computers and Accessories	20%
Furniture and Fixtures	10%
Motor Vehicles	20%

e) Inventories: Inventories are valued on First in first out (FIFO) method at lower of landed cost or net realizable value (NRV).

f) Revenue Recognition: Sales of goods is recognized at the point of dispatch to customer.

g) Cash and Cash Equivalents: Cash and cash equivalents in the Balance Sheet comprise cash at bank, cheques on hand, cash in hand and short term investments with an original maturity of three months or less.

h) Taxation

Current Tax: Current Tax is calculated as per the provisions of the Income Tax in Nigeria.

i) Foreign Exchange Transactions:

i) Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year is recognized in the Statement of Profit and Loss.

ii) Current assets and current liabilities at the end of the year are converted at the year end rate and the resultant gain or loss is accounted for in the Statement of Profit and Loss.

Statement of Significant Accounting policies and Other Explanatory Notes (contd)

OTHER EXPLANATORY NOTES

1 SHARE CAPITAL

	31st March' 2015		31st March' 2014	
	No. of Shares	(₹ Lakhs)	No. of Shares	(₹ Lakhs)
Face Value				
Class of Shares		Naira 1 each		Naira 1 each
Authorized Capital	52,000,000	Equity Shares fully paid	52,000,000	Equity Shares fully paid
Issued, Subscribed And Paid up Capital	51,589,190	188.94	51,589,190	188.94
PER BALANCE SHEET		<u>188.94</u>		<u>188.94</u>

Disclosures:

Reconciliation of number of shares

Particulars	31st March' 2015		31st March' 2014	
	No. of shares	(₹ Lakhs)	No. of shares	(₹ Lakhs)
Shares outstanding at the beginning of the year	51,589,190	188.94	51,589,190	188.94
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	<u>51,589,190</u>	<u>188.94</u>	<u>51,589,190</u>	<u>188.94</u>

Details of Shareholding in excess of 5%

Name of Shareholder	31st March' 2015		31st March' 2014	
	No. of shares	Percentage	No. of shares	Percentage
Ipca Laboratories Ltd	51,589,190	100	51,589,190	100

Particulars	31st March' 2015 (₹ Lakhs)	31st March' 2014 (₹ Lakhs)
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2 RESERVES AND SURPLUS

a) Securities Premium Account		
Balance as per last Balance Sheet	93.29	93.29
Add : Addition during the year	-	-
Balance as at year end	<u>93.29</u>	<u>93.29</u>
b) Other Reserve		
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	9.34	(0.90)
Add : Addition during the year	24.28	10.23
Balance as at year end	<u>33.62</u>	<u>9.34</u>
(Net exchange differences are accumulated in foreign currency translation reserve account)		
c) Surplus		
Balance as per last Balance Sheet	446.80	324.56
Add : Profit/(Loss) for the year	(175.46)	122.24
Balance as at year end	<u>271.34</u>	<u>446.80</u>
PER BALANCE SHEET	<u>398.25</u>	<u>549.43</u>

3 TRADE PAYABLES

Trade Payables		
- Micro Small and Medium Enterprises		
- Others	675.96	300.25
PER BALANCE SHEET	<u>675.96</u>	<u>300.25</u>

The Company represents that in the country of its operation there is no requirement of classification of business enterprises as Micro, Small and Medium enterprises.

4 OTHER CURRENT LIABILITIES

Advance received from customers	4.33	-
PER BALANCE SHEET	<u>4.33</u>	<u>-</u>

5 SHORT-TERM PROVISIONS

Provision for Taxation	-	61.73
PER BALANCE SHEET	<u>-</u>	<u>61.73</u>

6. TANGIBLE ASSETS

(₹ Lakhs)

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Opening as on 01/04/14	Additions	Sales / Adjustment	Foreign Exchange fluctuation Reserve	Total as on 31/03/15	Opening as on 01/04/14	Sales / Adjustment	For the year	Foreign Exchange fluctuation Reserve	Total as on 31/03/15	As on 31/03/15	As on 31/03/14
Leasehold Property	11.03	5.38	(0.74)	(1.45)	14.22	9.04	(1.17)	1.61	(1.37)	8.11	6.11	1.99
Office Equipment	11.79	-	(0.62)	(1.55)	9.62	9.04	(1.04)	1.09	(1.30)	7.79	1.83	2.75
Computers	6.03	0.91	(1.82)	(0.78)	4.34	3.39	(0.77)	0.98	(0.56)	3.04	1.30	2.64
Furniture & Fixture	13.62	0.34	(0.29)	(1.78)	11.89	8.15	(0.82)	1.35	(1.23)	7.45	4.44	5.47
Motor Vehicles	93.10	20.68	(39.87)	(12.18)	61.73	54.48	(28.97)	13.97	(8.76)	30.72	31.01	38.62
PER BALANCE SHEET	135.57	27.31	(43.34)	(17.74)	101.80	84.10	(32.77)	19.00	(13.22)	57.11	44.69	51.47
Previous Year	180.87	22.57	(78.36)	10.49	135.57	113.76	(57.47)	22.03	5.78	84.10	51.47	-

7 LOANS AND ADVANCES - Unsecured, Considered Good

	Long Term		Short Term	
	31st March' 2015	31st March' 2014	31st March' 2015	31st March' 2014
	(₹ Lakhs)	(₹ Lakhs)	(₹ Lakhs)	(₹ Lakhs)
Security Deposits	-	-	2.22	30.61
Loans and Advances given to :				
- Employees	-	-	1.59	2.72
- Others	-	-	7.56	1.98
Advance Tax	8.73	19.95	-	-
Prepaid expenses	9.69	41.77	33.31	61.19
PER BALANCE SHEET	18.42	61.72	44.68	96.50

Particulars	31st March' 2015 (₹ Lakhs)	31st March' 2014 (₹ Lakhs)
8 INVENTORIES		
Finished goods		689.37
In Hand - Traded	777.92	689.37
Total	777.92	689.37

Disclosures:

Valuation methodology

Finished goods - At landed cost or net realizable value which ever is lower.

9 TRADE RECEIVABLES

Trade receivables outstanding for a period exceeding 6 months

Unsecured, considered good	0.12	30.63
Unsecured, considered doubtful	44.68	54.79
Less: Provision for doubtful debts	(44.68)	(54.79)
	0.12	30.63
Others		
Unsecured, considered good:	9.70	18.75
PER BALANCE SHEET	9.82	49.38

10 CASH AND BANK BALANCES

Cash and Cash Equivalents

Cash on hand	3.93	15.11
Balances with Banks	168.98	136.80
Fixed Deposit with Banks	199.04	-
PER BALANCE SHEET	371.95	151.91

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
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11 SALE OF PRODUCTS

Sales	2,921.05	3,371.03
PER STATEMENT OF PROFIT & LOSS	2,921.05	3,371.03

Disclosures:

Details of Sale of Products

Formulations	2,921.05	3,371.03
Total	2,921.05	3,371.03

12 OTHER INCOME

Profit on sale of assets	1.97	3.93
Bad Debts recovered	3.33	-
Miscellaneous Balance Written back (net)	-	0.08
Miscellaneous income	6.75	28.04
PER STATEMENT OF PROFIT & LOSS	12.05	32.05

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
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13 PURCHASE OF STOCK IN TRADE

Purchase	2,046.85	2,227.32
PER STATEMENT OF PROFIT & LOSS	2,046.85	2,227.32

Disclosures:

Details of Purchase

Formulations	2,046.85	2,227.32
Total	2,046.85	2,227.32

14 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Inventory Adjustments - Finished Goods

Traded Goods

Stock at Commencement	689.37	483.00
Less : Stock at Closing	777.92	689.37
PER STATEMENT OF PROFIT & LOSS	(88.55)	(206.37)

Disclosures:

Details of Finished Goods

	Closing Stock		Opening Stock	
	2014-15 (₹ Lakhs)	2013-14	2014-15 (₹ Lakhs)	2013-14
Formulations	777.92	689.37	689.37	483.00
Total	777.92	689.37	689.37	483.00

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
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15 EMPLOYEE BENEFITS

Salaries and Wages	152.96	177.10
Staff Welfare	13.59	8.14
Recruitment and Training	2.69	6.96
PER STATEMENT OF PROFIT & LOSS	169.24	192.20

16 FINANCE COST

Cash Discount	265.41	227.46
PER STATEMENT OF PROFIT & LOSS	265.41	227.46

17 OTHER EXPENSES

Power, fuel, gas and water charges	91.28	75.53
Repairs		
- Building	9.58	11.41
- Others	6.26	7.50
Bank Charges	18.09	28.30
Insurance	25.84	29.52
Rent	92.58	127.45
Rates and taxes	2.73	4.34
Freight, forwarding and transportation	162.40	120.59
Field staff expenses	84.43	93.43
Communication expenses	8.99	9.78
Travelling expenses	91.79	113.13
Audit Fee	1.94	2.04
Professional charges	3.69	3.62
Printing and stationery	3.56	5.96
Books, Subscription and Software	0.98	1.06
Product promotion expenses	2.59	7.42
Asset Scraped	1.18	2.35
Loss on sale of Fixed Assets	1.58	-
Marketing and Sales administration expenses	41.50	52.94
Product Registration Expenses	17.23	26.79
Provision for Bad Debts (net)	-	53.18
Miscellaneous Balance Written off (net)	0.04	-
Miscellaneous expenses	17.73	14.93
PER STATEMENT OF PROFIT & LOSS	685.99	791.27

18 Disclosure as required by AS - 18 "Related Party Disclosures" notified by the Companies (Accounting Standards) Rules 2006.

Relationship	Country of Incorporation	
Entities where control exists		
Ipca Laboratories Limited – Holding Company	India	
Key Management Personnel		
S.V Kotian	Chairman	Nigeria
James Awolola	Director	Nigeria
Manish Jain	Director	Nigeria

			(₹ Lakhs)
Description	Entities where control exists	Key Management Personnel	Total
Goods and Services Purchased			
Ipca Laboratories Limited	1,620.22		1,620.22
Previous Year	1,739.53		1,739.53
Total	1,620.22	-	1,620.22
Previous Year	1,739.53	-	1,739.53
Reimbursement of expenditure			
Ipca Laboratories Limited	-		-
Previous Year	179.97		179.97
Total	-	-	-
Previous Year	179.97	-	179.97
Remuneration			
S.V Kotian		8.75	8.75
Previous Year		9.30	9.30
James Awolola		11.36	11.36
Previous Year		10.76	10.76
Total	-	20.11	20.11
Previous Year	-	20.06	20.06
Sitting fees			
James Awolola		0.21	0.21
Previous Year		0.22	0.22
Total	-	0.21	0.21
Previous Year	-	0.22	0.22
Balances as on 31st March 2015			
Payable			
Ipca Laboratories Limited	593.93		593.93
Previous Year	160.78		160.78
Total	593.93	-	593.93
Previous Year	160.78	-	160.78

19 Earning per Share

The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding for basic and diluted EPS.

Particulars	2014-15	2013-14
Profit after tax (₹ Lakhs)	(175.46)	122.24
Equity Shares Outstanding (Nos)		
-Opening	51,589,190	51,589,190
-Issued during the year	-	-
-Closing	51,589,190	51,589,190
Weighted Average no. of shares outstanding (Nos.) - Basic	51,589,190	51,589,190
Weighted Average no. of shares outstanding (Nos.) - Diluted	51,589,190	51,589,190
Nominal value of equity share	N 1 each	N 1 each
Earning per share (Rs.)		
- Basic	(0.34)	0.24
- Diluted	(0.34)	0.24

20 Prior period comparatives :

Previous year's figures have been regrouped or rearranged wherever necessary.

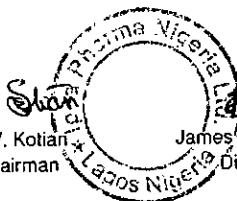
21 The annual accounts have been prepared on going concern basis.

22 The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts have been prepared in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act.

23 The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of significant accounting policy and other explanatory notes form an integral part of the financial statements of the company for the year ended on March 31, 2015.

For and on behalf of the Board

Place: Mumbai
Date: May 30, 2015


S. V. Kotian
Chairman
James G. Awolola
Director