



**YINKA ADESANYA & CO**  
**(CHARTERED ACCOUNTANTS)**

**GLENMARK PHARMACEUTICALS  
(NIGERIA) LIMITED**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH ,2021.**

REVIEWED BY:  
YINKA ADESANYA & CO.  
(CHARTERED ACCOUNTANTS)  
NACCIMA HOUSE,  
8A, OBA AKINJOBI ROAD,  
GRA, IKEJA.  
LAGOS.

**Glenmark Pharmaceuticals (Nigeria) Limited**  
**Financial Statements -- 31 March 2021**  
**Together with Directors' and Auditor's Reports**

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## Corporate Information

Registration Number RC. 509831

**Directors:**

Cheryl Pinto  
Suprio Dasgupta - Appointed May 17, 2021  
Michael Folarin Odeyemi  
Kaizad Adi Hazari - Resigned May 17, 2021

**Business Address**

C/O Healthline Pharmaceuticals Limited  
29, Adeniyi Jones Avenue,  
Ikeja, Lagos.

**Company Secretary and Solicitor:**

Gbenga Odusola & Co  
1A, CLUB ARCADE  
TBS Complex Annex  
Race Course,  
Lagos

**Auditor:**

Yinka Adesanya & Co  
(Chartered Accountants)  
NACCIMA House  
8A Oba Akinjobi Road  
GRA, Ikeja  
Lagos

**Principal Bankers:**

Standard Chartered Bank Nigeria Limited  
Zenith International Bank Plc

## Directors' Report

For the year ended 31 March 2020

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the period ended 31 March 2021.

### Legal Entity and Principal Activity

Glenmark Pharmaceutical (Nigeria) Limited ("the Company") was incorporated in 2004 under the Companies and Allied Matters Act as a limited liability company and commenced business operations in April 2005. The principal activities of the Company continues to be to carry on the business of marketing, sales and distribution of pharmaceutical products of its parent company.

### Operating Results and Dividends

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

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Revenue	<u>-</u>	<u>-</u>
Operating profit/ (loss)	<u>(73,769,263)</u>	<u>(107,600,999)</u>
Profit(loss) before taxation	<u>(141,936,466)</u>	<u>(193,201,052)</u>
Taxation credit/(expense)	<u>42,580,940</u>	<u>57,759,561</u>
Profit/(loss) for the year	<u>(99,355,525)</u>	<u>(135,441,491)</u>

No dividend has been recommended by the directors (2020: Nil).

### Directors and Their Interests

The directors who served during the year were as follows:

Name	Nationality
Kaizad Adi Hazari	Indian
Cheryl Pinto	Indian
Nitesh Varma	Indian
Michael Folarin Odeyemi	Nigerian

In accordance with the disclosure requirements of section 275 of the Companies and Allied Matters Act of Nigeria, the directors do not have interests in the Company.

In accordance with section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interests in contract with the Company.

### Shareholding Structure

The shareholding structure of the Company was as follows:

	Ordinary Shares of ₦1 each as at			
	31 March 2021	%	31 March 2020	%
	Number		Number	
Meera Vanjari	1	0	1	0
Glenmark Pharmaceuticals Limited, Mumbai, India	645,114,303	100	645,114,303	100
	<b>645,114,304</b>	<b>100</b>	<b>645,114,304</b>	<b>100</b>

### Property, Plant and Equipment

Information relating to changes in property, plant and equipment is disclosed in Note 13 to the financial statements.

### Charitable donations

The Company did not make any charitable donation during the year (2020: Nil).

### Post Balance Sheet Events

There were no post balance sheet events which could have had a material effect on the state of affairs of the Company for the year ended 31 March 2021 which have not been adequately provided for.

### Employment and Employees

#### (a) *Employee Consultation and Training*

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsors its employees for various training courses both in Nigeria and abroad.

#### (b) *Dissemination of Information*

In order to maintain shared perception of our goals, the Company is committed to communicating information to employees in as fast and effective a manner as possible. This is considered critical to the maintenance of team spirit and high employee morale.

(c) **Employment of Physically challenged Persons**

The Company has no physically challenged person in its employment (2020: Nil).

However, applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. 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 training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

(d) **Employee Health, Safety and Welfare**

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

**Auditors**

In accordance with Section 357(2) of Companies and Allied Matters Act of Nigeria, the auditors, Messrs Yinka Adesanya & Co (Chartered Accountants) have indicated their willingness to continue in office as auditors.

Lagos, Nigeria  
2021



BY ORDER OF THE BOARD

Gbenga Odusola & Co  
Company Secretary





**Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 March 2021**

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

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 in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Suprio Dasgupta

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Glenmark Pharmaceuticals (Nigeria) Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Glenmark Pharmaceuticals (Nigeria) Limited ("the Company"), which comprise the statement of financial position as at 31 March, 2021, and the statement of profit or loss and other comprehensive income, Statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial reporting Standards (IFRSs), and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

#### **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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audit of Glenmark Pharmaceuticals (Nigeria) Limited. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Glenmark Pharmaceuticals (Nigeria) Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

Without qualifying our opinion, we draw attention to Note 26 to the financial statements which indicates that the company made a net loss before tax of N141.936 million (2020: N193.201million). As at that date, the Company's Current Liabilities exceeded its Current Assets by N1.110 billion (2020: N1.001billion) and the Company's Total liabilities exceeded its Total Assets by N885.806 million (2020: N786.451 million). These conditions along other matters indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

#### **Other Information**

Management and the Directors are responsible for the other information. The other information comprises the Report of the Board of Directors, the Statement of Value Added as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011. The other information does not include the financial statements and our auditors' report thereon

## **Report on the Audit of the Financial Statements**

To the Members of Glenmark Pharmaceuticals (Nigeria) Limited - Continued.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and the relevant provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 2011 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. In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

- ❖ Identify and assess the risks of material misstatement of the 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 Company's internal control.

## Report on the Audit of the Financial Statements

To the Members of Glenmark Pharmaceuticals (Nigeria) Limited - Continued.

- ❖ 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 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 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.

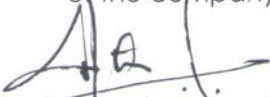
- ❖ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account
- iv. In our opinion, the financial statements have been properly prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 so as to give a true and fair view of the state of affairs and loss of the company.

  
**Adeyinka Adesanya FCA,**  
FRC/2013/ICAN/00000001215

**For: Yinka Adesanya & Co**  
(Chartered Accountants)  
Lagos, Nigeria

26-05-2021



## Statement of Financial Position

As at 31 March 2021

	Notes	31 March 2021 ₦	31 March 2020 ₦
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	-	-
Deferred tax assets	12(d)	659,774,234	617,193,294
<b>Total non-current assets</b>		<u>659,774,234</u>	<u>617,193,294</u>
<b>Current assets</b>			
Inventories	18	-	-
Trade and other receivables	16	138,981,381	200,381,381
Prepayments	17	-	462,143
Cash and cash equivalents	19	332,330,975	341,994,410
<b>Current assets</b>		<u>471,312,356</u>	<u>542,837,933</u>
<b>Total current assets</b>		<u>471,312,356</u>	<u>542,837,933</u>
<b>Total assets</b>		<u>1,131,086,590</u>	<u>1,160,031,227</u>
<b>EQUITY</b>			
Share capital	15	645,114,304	645,114,304
Retained earnings		(1,530,921,164)	(1,431,565,639)
<b>Total equity</b>		<u>(885,806,860)</u>	<u>(786,451,335)</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	21	246,854,400	241,436,000
Trade and other payables	20	188,130,490	161,121,000
Deferred tax liabilities	12(d)	-	-
<b>Total non-current liabilities</b>		<u>434,984,890</u>	<u>402,557,000</u>
<b>Current liabilities</b>			
Current tax liabilities		-	-
Loans and borrowings	21	-	-
Trade and other payables	20	1,581,908,560	1,543,925,562
<b>Total current liabilities</b>		<u>1,581,908,560</u>	<u>1,543,925,562</u>
<b>Total liabilities</b>		<u>2,016,893,450</u>	<u>1,946,482,562</u>
<b>Total equity and liabilities</b>		<u>1,131,086,590</u>	<u>1,160,031,227</u>

Approved by the Board of Directors on 25-05, 2021 and signed on its behalf by:

  
.....  
Director

  
.....  
Director

The accompanying notes are an integral part of these financial statements

## Statement of profit or loss and other comprehensive income

For the year ended 31 March 2021

		31 March 2021	31 March 2020
	Notes	₦	₦
Revenue	7	-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Other Income		-	-
Selling and distribution expenses	8	-	-
Administrative expenses	8	(73,769,263)	(107,600,999)
Other expenses	8	-	-
<b>Operating profit/(loss)</b>		<b>(73,769,263)</b>	<b>(107,600,999)</b>
Finance income		-	-
Finance costs		(68,167,203)	(85,600,053)
<b>Net finance costs</b>	9	<b>(68,167,203)</b>	<b>(85,600,053)</b>
<b>Profit/(Loss) before tax</b>		<b>(141,936,466)</b>	<b>(193,201,052)</b>
Tax (expense)/credit	12(a)	42,580,940	57,759,561
<b>Profit/(loss) attributable to: Owners of the Company</b>		<b>(99,355,525)</b>	<b>(135,441,491)</b>
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive income net of tax</b>		-	-
<b>Total comprehensive income</b>		<b>(99,355,525)</b>	<b>(135,441,491)</b>
<b>Profit/(Loss) per share</b>		<b>(0.15)</b>	<b>(0.21)</b>

The accompanying notes are an integral part of these financial statements

## Statement of changes in equity

For the year ended 31 March 2021

	Share capital ₦	Retained ₦	Total equity ₦
Balance at 31 March 2020	645,114,304	(1,431,565,639)	(786,451,335)
<b>Balance at 1 April 2020</b>	<b>645,114,304</b>	<b>(1,431,565,639)</b>	<b>(786,451,335)</b>
<b>Total comprehensive income</b>			
Profit for the year		(99,355,525)	(99,355,525)
Other comprehensive income		-	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(99,355,525)</b>	<b>(99,355,525)</b>
<b>recognised directly in equity</b>			
New share issue			
<b>Balance at 31 March 2021</b>	<b>645,114,304</b>	<b>(1,530,921,164)</b>	<b>(885,806,860)</b>

For the year ended 31 March 2020

	Share capital ₦	Retained ₦	Total equity ₦
Balance at 31 March 2019	645,114,304	(1,296,124,147)	(651,009,844)
<b>Balance at 1 April 2019</b>	<b>645,114,304</b>	<b>(1,296,124,147)</b>	<b>(651,009,844)</b>
<b>Total comprehensive income</b>			
Profit for the year		(135,441,491)	(135,441,491)
Other comprehensive income		-	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(135,441,491)</b>	<b>(135,441,491)</b>
<b>recognised directly in equity</b>			
New share issue			
<b>Balance at 31 March 2020</b>	<b>645,114,304</b>	<b>(1,431,565,639)</b>	<b>(786,451,335)</b>

The accompanying notes are an integral part of these financial statements

**Statement of cash flows***For the year ended 31 March 2021*

	<i>Notes</i>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
		₦	₦
<b>Cash flows from operating activities</b>			
Profit/(Loss)		(141,936,466)	(193,201,052)
Adjustments for:			
- Depreciation	<i>13</i>	-	-
- Net finance costs	<i>9</i>	26,160,286	24,678,158
- Unrealised Loss on Foreign Exchange		42,006,917	60,921,895
- Unadjusted Loss on Foreign Exchange			
- Other provisions		61,400,000	91,935,000
- Loss/(Profit) on disposal of PPE		-	-
		<u>(12,369,263)</u>	<u>(15,665,999)</u>
Changes in:			
- Inventories		-	-
- Trade and other receivables		0	5,276,995
- Prepayments		462,143	1,400,000
- Trade and other payables		2,243,686	(11,024,036)
		<u>(9,663,435)</u>	<u>(20,013,040)</u>
Tax paid		-	-
<b>Net cash used in operating activities</b>		<u>(9,663,435)</u>	<u>(20,013,040)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment			
Proceed from sale of PPE		-	-
<b>Net cash used in investing activities</b>		<u>-</u>	<u>-</u>
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares			
Loans and borrowings			
Interest paid on loan			
<b>Net cash generated from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		(9,663,435)	(20,013,040)
Cash and cash equivalents at 1 April		341,994,410	362,007,450
<b>Cash and cash equivalents at end of year</b>		<u>332,330,975</u>	<u>341,994,410</u>

*The accompanying notes are an integral part of these financial statements*



## Notes to the Financial Statements

For the year ended 31 March 2021

### 1 Reporting entity

Glenmark Pharmaceutical (Nigeria) Limited ("the Company") was incorporated in 2004 under the Companies and Allied Matters Act as a limited liability company. The Company's principal activities are to carry on the business of marketing, sales and distribution of pharmaceutical products of its parent company.

The Company is domiciled in Nigeria and has its registered office address at:

1, Olabode Close  
Ilupeju,  
Lagos

### 2 Basis for accounting

#### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on ....., 2021.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### 3 Functional and presentation currency

These financial statements are presented in Nigerian Naira (₦), which is the Company's functional currency.

### 4 Use of judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

#### (i) Judgments

Because of the simplicity of the Company's operation, there are no significant judgments that have been made in applying accounting policies of the Company.

#### (ii) Assumptions and estimated uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 31 March 2020 is included in the following notes:

Note 12 - Recognition of deferred taxes  
Note 24 - Contingencies

## Notes to the Financial Statements

For the year ended 31 March 2021

### 5 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### (a) Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts, value added tax and volume rebates.

The timing of the transfer of risks and rewards varies depending on individual terms of the sales agreements. Under some arrangements, the Company is responsible for delivering the products and as such, transfer occurs when the products are delivered to the customers' warehouse.

#### (b) Finance income and finance costs

Finance income comprises interest income on funds invested and net gains on foreign exchange differences. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings except finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets, the foreign currency gain or loss on financial assets and financial liabilities.

#### (c) Foreign currency transactions

Transactions denominated in foreign currencies during the year are translated and recorded at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the rate of exchange prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### (d) Employee Benefits

##### (i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### (ii) Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

## Notes to the Financial Statements

For the year ended 31 March 2021

(e) **Income tax**

Income tax expense comprises current tax- Company income tax and tertiary education tax, and deferred tax. Tertiary education tax is assessed at 2% of assessable profit. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(f) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition and is based on:

- |                           |   |
|---------------------------|---|
| (i) Purchases             | This cost includes the purchase cost of pharmaceutical products, transportation costs and other directly attributable costs incurred.   |
| (ii) Inventory in transit | Average cost of purchase of pharmaceutical products, freight expenses, custom duties and other associated costs incurred in bringing them to their existing location and condition. |

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and estimated costs necessary to make the sale. Allowance is made for obsolete, slow-moving or defective items where appropriate.

## Notes to the Financial Statements

For the year ended 31 March 2021

### (g) Property, plant and equipment

#### (i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment comprise tangible items that are held for use in the production or supply of goods and services or for administrative purposes and are expected to be used during more than one accounting year.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised as profit or loss in the statement of comprehensive income.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### (iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Asset Category	Depreciation rate
Motor Vehicles	20%
Plant and Machinery	10%
Furniture and Fittings	10%
Office Equipment	20%
Leasehold Improvement	25%

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

No depreciation is charged on capital work in progress. The attributable cost of each asset is transferred to the relevant category at the point when the asset becomes ready for use and is depreciated accordingly.

### (h) Intangible assets

#### (i) Recognition and Measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

## Notes to the Financial Statements

For the year ended 31 March 2021

(iii) *Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

(i) **Financial instruments**

(i) *Non-derivative financial assets*

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company has the following non-derivative financial assets: loans and receivables.

*Loans and receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise trade and other receivables.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and cash balances with banks.

(ii) *Non-derivative financial liabilities*

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest

(iii) *Share capital*

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity when shares are issued, they are recorded at par value. The excess of the issue price over the par value is recorded in the share premium reserves.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

## Notes to the Financial Statements

For the year ended 31 March 2021

### (j) Impairment

#### (i) *Non-derivative financial assets*

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

#### (ii) *Financial assets measured at amortised costs*

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recover and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

In assessing collective impairment, the Company uses historical information on the timing of an impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

#### (iii) *Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the Financial Statements

For the year ended 31 March 2021

### (k) Provisions and contingent liabilities

#### *Provisions*

A provision is recognized 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 economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

#### *Contingent liabilities*

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 Company, 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.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

### (l) Leases

#### (i) *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

#### (ii) *Leased assets*

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

## Notes to the Financial Statements

For the year ended 31 March 2021

(iii) **Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) **Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (if any). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held (if any), for the effects of all dilutive potential ordinary shares.

(o) **Cash flow statement**

The cash flow statement is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in operating activities.

### 6 **Determination of Fair Values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) **Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at the market rate of interest at the measurement date. Fair value for short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(b) **Other non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.



## Notes to the Financial Statements

For the year ended 31 March 2021

### 7 Revenue

Revenue represents the invoice value of pharmaceutical products delivered by the Company to third parties net of value added taxes, discounts allowed and goods returned due to expiration and spoilage during the year. Revenue was earned through sales to local customers.

### 8 Operating and administrative expenses

Operating and administrative expenses comprise:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Selling and distribution expenses	-	-
Rent expense	-	920,000
Staff costs (Note 11(i))	5,746,089	5,746,089
Travel and communication expenses	1,425,000	1,203,000
Depreciation	-	-
Professional fees	4,286,200	6,704,700
Directors fees	900,000	960,000
Insurance expenses	-	-
General office expenses	-	95,374
Repairs and maintenance	-	-
Bank Charges	11,974	36,836
Commission on collections	-	-
Impairment allowance on trade receivables	61,400,000	91,935,000
	<u>73,769,263</u>	<u>107,600,999</u>

### 9 Finance Income and Costs

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
- Interest income on call deposits	-	-
<b>Finance income</b>	<u>-</u>	<u>-</u>
- Interest expense	(26,160,286)	(24,678,158)
- Net foreign exchange gain/ (loss)	(42,006,917)	(60,921,895)
<b>Finance costs</b>	<u>(68,167,203)</u>	<u>(85,600,053)</u>
<b>Net finance costs recognized in profit or loss</b>	<u>(68,167,203)</u>	<u>(85,600,053)</u>

### 10 Profit/(Loss) before income tax

Loss before taxation is stated after charging/ (crediting):

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Auditor's remuneration	1,290,000	1,260,000
Depreciation (Note 13)	-	-
Staff costs (Note 11(i))	5,746,089	5,746,089
Rent expenses	-	920,000
Net (gain)/ loss on foreign exchange transactions	42,006,917	60,921,895

## Notes to the Financial Statements

For the year ended 31 March 2021

### 11 Directors and employees information

i. Employee costs during the year comprise:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Salaries and Wages	5,746,089	5,746,089
	<u>5,746,089</u>	<u>5,746,089</u>

ii. The average number of full time persons employed by the Company during the year was as follows:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
Administration	1	1
Finance	0	0
Operations	0	0
Marketing	-	-
	<u>1</u>	<u>1</u>

iii. Higher paid employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria received remuneration (excluding pension costs and certain benefits) in the following ranges:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
Less than ₦ 500,000		
₦ 500,001 - ₦ 1,000,000	NIL	NIL
₦ 1,000,001 - ₦ 2,000,000	NIL	NIL
₦ 2,000,001 - ₦ 3,000,000	NIL	NIL
₦ 3,000,001 - ₦ 5,000,000	NIL	NIL
₦ 5,000,001 - ₦ 7,000,000	NIL	NIL
₦ 7,000,001 - ₦ 9,000,000	NIL	NIL
₦ 9,000,001 - ₦ 11,000,000	NIL	NIL
₦ 11,000,000 - ₦ 15,000,000	NIL	NIL
	<u>-</u>	<u>-</u>

iv. Directors' emoluments during the year comprise:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
<b>Fees :</b>		
Chairman	NIL	NIL
Other Directors	900,000	960,000
<b>Emoluments:</b>		
As Executive Directors	NIL	NIL
Other emoluments	5,746,089	5,746,089
	<u>6,646,089</u>	<u>6,706,089</u>

## Notes to the Financial Statements

For the year ended 31 March 2021

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
Directors' emoluments during the year comprise: cont'd		
Number of directors, whose emoluments fell within the following ranges were:	Number	Number
5,000,000 - 10,000,000	1	1
10,000,001 and above		
Directors with no emoluments	3	3
Highest paid director received	<u>5,746,089</u>	<u>5,746,089</u>

No director waived his/her right to receive emolument during the year.

### 12 Taxation

#### (a) Income tax expense

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 comprise:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
<b>Current tax expense</b>		
Company income tax	-	-
Tertiary education tax	-	-
Prior year charge	-	-
	<u>-</u>	<u>-</u>
Deferred tax (credit)/expense	<u>(559,433,733)</u>	<u>(57,759,562)</u>
	(559,433,733)	(57,759,562)

The charge for taxation in these financial statements were based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended and the Education Tax Act, CAP E 4, LFN 2004. In line with the provisions of Finance Act 2020, the Company is expected to pay minimum tax which is a function of the turnover. However the Company has zero turnover and do not have assessable profit during the year.

#### (c) Movement in current tax liability

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
Balance at 1 April	-	-
Charge for the year	-	-
Payments during the year	-	-
<b>Balance at year end</b>	<u>-</u>	<u>-</u>

## Notes to the Financial Statements

For the year ended 31 March 2020

(d) Movement in deferred tax  
31 March 2021

	Balance at 31 March 2021					
	Net Balance at 1 April	Recognized in profit or loss	Comprehensive income	Recognized directly in equity	Deferred tax assets	Deferred tax liabilities
	₦	₦	₦	₦	₦	₦
Unused Capital Allowances	(21,326,153)	1	-	-	(21,326,152)	(21,326,152)
Unrelieved tax losses	(284,855,143)	(11,558,866)	-	-	(296,414,009)	(296,414,009)
Unrealised exchange loss	(261,045,811)	(12,602,075)	-	-	(273,647,886)	(273,647,886)
Provisions	(49,966,187)	(18,420,000)	-	-	(68,386,187)	(68,386,187)
<b>Net tax assets/(liabilities)</b>	<b>(617,193,294)</b>	<b>(42,580,940)</b>	<b>-</b>	<b>-</b>	<b>(659,774,234)</b>	<b>(659,774,234)</b>

31 March 2020

	Balance at 31 March 2020					
	Net Balance at 1 April	Recognized in profit or loss	Comprehensive income	Recognized directly in equity	Deferred tax assets	Deferred tax liabilities
	₦	₦	₦	₦	₦	₦
Unused Capital Allowances	(21,326,153)	-	-	-	(21,326,153)	(21,326,153)
Unrelieved tax losses	(272,751,896)	(12,103,247)	-	-	(284,855,143)	(284,855,143)
Unrealised exchange loss	(244,215,059)	(16,830,752)	-	-	(261,045,811)	(261,045,811)
Provisions	(21,140,625)	(28,825,562)	-	-	(49,966,187)	(49,966,187)
<b>Net tax assets/(liabilities)</b>	<b>(559,433,733)</b>	<b>(57,759,562)</b>	<b>-</b>	<b>-</b>	<b>(617,193,294)</b>	<b>(617,193,294)</b>

(e) The Company has no unrecognized deferred tax assets or liabilities (2020: Nil).

## Notes to the Financial Statements

For the year ended 31 March 2021

### 13 Property, Plant and Equipment

(a) Reconciliation of carrying amount

	Leasehold Improvement	Plant & Machinery	Furniture & Fittings	Equipment	Motor Vehicle	Total
	₦	₦	₦	₦	₦	₦
Balance at 1 April 2020	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance at 1 April 2020	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Carrying amounts	-	-	-	-	-	-
At 31 March 2021	-	-	-	-	-	-
At 31 March 2020	-	-	-	-	-	-

## Notes to the Financial Statements

For the year ended 31 March 2021

### 14 Earnings per share

The (loss)/profit per share as at 31 March 2021 was based on the (loss)/profit attributable to ordinary shareholders of (N99.335 million) ,31 March 2020: (N135.441 million), and on the N645,114,304 ordinary shares, being the number of ordinary shares in issue during the year. (2020: N645,114,304)

### 15 Share Capital

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Authorised		
870,100,000 Equity shares of Naira 1 each	<u>870,100,000</u>	<u>870,100,000</u>
Issued and fully paid up:		
645,114,304 Equity shares of Naira 1 each	<u>645,114,304</u>	<u>645,114,304</u>

There was no additional issuance of shares during the year. (2020 NIL)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company.

### 16 Trade and Other Receivables

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Trade receivables	359,646,601	359,646,601
Due from related party		
Other receivables	<u>7,288,738</u>	<u>7,288,738</u>
	366,935,339	366,935,339
Less : Provisions	<u>(227,953,958)</u>	<u>(166,553,958)</u>
	<u>138,981,381</u>	<u>200,381,381</u>

Trade receivables are non-interest bearing and are generally on terms of 90 to 180 days.

Information on the Company's exposure to credit and market risks is included in Note 22

### 17 Prepayments:

Prepayments represent residential and office rental, insurance and other expenses prepaid by the Company.

### 18 Inventories

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Inventories	-	-
	<u>-</u>	<u>-</u>

### 19 Cash and cash equivalents

Cash and cash equivalents comprise:

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Bank balances	332,327,419	341,990,853
Cash in hand	3,556	3,556
	<u>332,330,975</u>	<u>341,994,410</u>

## Notes to the Financial Statements

For the year ended 31 March 2021

### 20 Trade and other payables

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Due to related party (Note 23(b))	(1,532,035,578)	(1,498,407,733)
Trade payables	(1,980,511)	(1,980,511)
Other payables	(47,892,471)	(43,537,319)
	<u>(1,581,908,560)</u>	<u>(1,543,925,562)</u>
Interest Payable	(188,130,490)	(161,121,000)
	<u>(188,130,490)</u>	<u>(161,121,000)</u>
<b>Total trade and other payables</b>	<u>(1,770,039,050)</u>	<u>(1,705,046,562)</u>
	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Current	(1,581,908,560)	(1,543,925,562)
Non current	(188,130,490)	(161,121,000)
<b>Total trade and other payables</b>	<u>(1,770,039,050)</u>	<u>(1,705,046,562)</u>

Information on the Company's exposure to currency and liquidity risk is included in Note 22.

### 21 Loans and borrowings

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Unsecured intercompany loan:		
Current	-	-
Non current	246,854,400	241,436,000
	<u>246,854,400</u>	<u>241,436,000</u>
<b>Total loans and borrowings</b>	<u>246,854,400</u>	<u>241,436,000</u>

During the year, the unsecured intercompany loan the company has with its parent company was extended for another one year

#### *Unsecured intercompany loan movement*

	<u>31 Mar 2020</u>	<u>31 Mar 2020</u>
	₦	₦
Balance, beginning of year	241,436,000	232,862,500
Interest accrued during the year	(26,160,286)	(24,678,158)
Net foreign currency translation difference	31,578,686	33,251,658
Interest payments on loan during the year	<u>-</u>	<u>-</u>
<b>Balance, end of year</b>	<u>246,854,400</u>	<u>241,436,000</u>

## Notes to the Financial Statements

For the year ended 31 March 2021

(a) **Terms and repayment schedule**

The terms and conditions of outstanding loans are as follows.

	Currency	Nominal Interest rate	31-Mar-21		31 March 2020	
			Face Value	Carrying Amount	Face Value	Carrying Amount
Unsecured Intercompany loan	USD	10.5%	246,854,400	246,854,400	241,436,000	241,436,000
<b>Total interest-bearing liabilities</b>			<u>246,854,400</u>	<u>246,854,400</u>	<u>241,436,000</u>	<u>241,436,000</u>

(b) **Unsecured intercompany loan agreement**

The Company has an unsecured intercompany loan agreement of \$650,000 (USD Six Hundred and Fifty Thousand only) with its parent Company, Glenmark Pharmaceuticals Limited, Mumbai, India. The Loan repayment period is within 3 (three) years from the date the agreement is signed between the parties. The loan carries a 10.5% interest rate per annum on the principal amount outstanding and the interest is payable at the end of every quarter i.e. 31st March, 30th June, 30th September and 31st December. In case of broken periods, interest for the broken period is paid along with the interest for the subsequent quarter.

Incase of delay or default in payment of the loan, the Company will be charged with a penalty at 1% per annum, calculated on the sum due and unpaid, over and above the regular interest payable, from the date the payments are due till the actual realization of the same.



# Notes to the Financial Statements

For the year ended 31 March 2021

## 22 Financial risk management and financial instruments

### Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- capital management

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversee how management compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other related parties.

The carrying amount of financial assets represents the maximum credit exposure.

		<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	Note	₹	₹
Trade and other receivables	16	138,981,381	200,381,381
Cash and cash equivalents	19	332,330,975	341,994,410
		<u>471,312,356</u>	<u>542,375,791</u>

## Notes to the Financial Statements

For the year ended 31 March 2021

### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At 31 March 2021, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows.

	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	₦	₦
Trade receivables	359,646,601	359,646,601
Other receivables	7,288,738	7,288,738
Due from related parties	-	-
Impairment provision on Trade receivables	(61,400,000)	(166,553,958)
	<u>305,535,339</u>	<u>200,381,381</u>

At 31 March 2020, the ageing of trade and other receivables that were not impaired was as follows.

	<u>Gross amount</u>	<u>Impairment</u>	<u>Gross amount</u>	<u>Impairment</u>
	<u>31 Mar 2021</u>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>	<u>31 Mar 2020</u>
	₦	₦	₦	₦
Neither past due nor impaired	-	-	-	-
Past due not impaired 1–90 days	-	-	-	-
Past due not impaired 91–180 days	-	-	-	-
Past due not impaired 181–360 days	366,935,339	61,400,000	366,935,339	166,553,958
Past due impaired over 360 days	-	-	-	-
	<u>366,935,339</u>	<u>61,400,000</u>	<u>366,935,339</u>	<u>166,553,958</u>

The directors believe that the unimpaired amounts are collectible in full, based on historic payment behaviour and a subsisting agreement with Healthline Ltd.

## Notes to the Financial Statements

For the year ended 31 March 2021

### Due from related parties

The Company has transactions with its related parties who are related to the Company by virtue of being members of the Glenmark Group. Payment terms are usually not established for transactions within the Group companies and amounts receivable from members of the Group are not impaired except the member is facing bankruptcy. In the directors view, all amounts are collectible. No impairment was recorded with respect to amounts due to related parties in the current year (2020: Nil).

### Cash and cash equivalents

The Company held cash and cash equivalents of N332,330,975 as at 31 March 2021 (31 March 2020: N341,994,410), which represents its maximum credit exposure on these assets. The cash and cash equivalents (with the exception of N3,556 held as cash by the Company) are held by banks and financial institutions in Nigeria with good credit ratings and a history of strong financial performance.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, and excluding the impact of netting agreement:

**Notes to the Financial Statements**

for the year ended 31 March 2021

**31 March 2021**

	<b>Contractual cash flows</b>				
	<b>Carrying amount</b>	<b>Total</b>	<b>Due within 60 days</b>	<b>Due in 61 days to 365 days</b>	<b>Due in more than 365 days</b>
	₦		₦	₦	₦
<i>Non-derivative financial liabilities</i>					
Unsecured intercompany loan	246,854,400	246,854,400	-	-	246,854,400
Trade and other payables	1,770,039,050	1,770,039,050	1,581,908,560		188,130,490
	<u>2,016,893,450</u>	<u>2,016,893,450</u>	<u>1,581,908,560</u>	<u>-</u>	<u>434,984,890</u>

**31 March 2020**

	<b>Contractual cash flows</b>				
	<b>Carrying amount</b>	<b>Total</b>	<b>Due within 60 days</b>	<b>Due in 61 days to 365 days</b>	<b>Due in more than 365 days</b>
	₦		₦	₦	₦
<i>Non-derivative financial liabilities</i>					
Unsecured intercompany loan	241,436,000	241,436,000	-	-	241,436,000
Trade and other payables	1,705,046,562	1,705,046,562	1,543,925,562		161,121,000
	<u>1,946,482,562</u>	<u>1,946,482,562</u>	<u>1,543,925,562</u>	<u>-</u>	<u>402,557,000</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. The Company has not provided any guarantee as at year end.

**2) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include: loans and borrowings.

**Currency risk**

The Company is exposed to currency risk on purchases that are denominated in a currency other than its functional currency, the Naira. The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The exposure to currency risk exists as the Company make export sales. The Company's significant exposure to currency risk relates to its importation of various materials and other property, plant and equipment. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

## Notes to the Financial Statements

For the year ended 31 March 2021

### Exposure to currency risk

The Company's transactional exposure to US Dollars (USD) was based on notional amounts as follows:

<i>in thousands</i>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	USD	USD
<b>Financial asset</b>		
Cash and cash equivalents	322	322
<b>Financial liability</b>		
Loans and borrowing	(650)	(650)
Trade and other payables	(4,464)	(4,464)
<b>Net statement of financial position exposure</b>	<u>(4,792)</u>	<u>(4,792)</u>

### Sensitivity analysis

A strengthening of the Dollar, as indicated below against the Naira at the period/year end would have increased/decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting year and has no impact on equity. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below

	<b>Profit or loss</b>
	<b>N'000</b>
<b>31 March 2021</b>	
USD (5 percent strengthening)	240
<b>31 March 2020</b>	
USD (5 percent strengthening)	240

A weakening of the Naira against the above currencies as at the period/year end would have had the equal but opposite effect on the above dollar to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates were applied during the year

	Average rate		Reporting date spot rate	
	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>	<u>31 Mar 2021</u>	<u>31 Mar 2020</u>
	N	N	N	N
USD	393.46	364.14	381	371.44

## Notes to the Financial Statements

For the year ended 31 March 2021

### Interest rate risk

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt/equity ratio on the other hand.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	31 Mar 2021	31 Mar 2020
	₦	₦
<b>Variable rate instruments</b>		
Financial liabilities	2,016,893,450	1,946,482,562

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting year would not affect profit or loss.

### (d) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting year was as follows:

	31 Mar 2021	31 Mar 2020
	₦	₦
Total liabilities	(2,016,893,450)	(1,946,482,562)
Less: Cash and cash equivalents	332,330,975	341,994,410
Net debt	(1,684,562,476)	(1,604,488,153)
Total equity	(885,806,860)	(786,451,335)
Debt to adjusted capital ratio	(1.90)	(2.04)

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

## Notes to the Financial Statements

For the year ended 31 March 2021

### (f) Fair values

#### Fair values vs carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

31 March 2021	<u>Carrying amount</u>	<u>Fair Value</u>
	₦	₦
<b>Financial assets</b>		
Trade and other receivables	138,981,381	138,981,381
Cash and cash equivalents	332,330,975	332,330,975
	<u>471,312,356</u>	<u>471,312,356</u>
<b>Financial liabilities</b>		
Loans and borrowings	(246,854,400)	(246,854,400)
Trade and other payables	(1,581,908,560)	(1,581,908,560)
	<u>(1,828,762,960)</u>	<u>(1,828,762,960)</u>
<b>31 March 2020</b>		
	<u>Carrying amount</u>	<u>Fair Value</u>
	₦	₦
<b>Financial assets</b>		
Trade and other receivables	200,381,381	200,381,381
Cash and cash equivalents	341,994,410	341,994,410
	<u>542,375,791</u>	<u>542,375,791</u>
<b>Financial liabilities</b>		
Loans and borrowings	(241,436,000)	(241,436,000)
Trade and other payables	(1,543,925,562)	(1,543,925,562)
	<u>(1,785,361,562)</u>	<u>(1,785,361,562)</u>

Trade and other receivables are the Company's short term financial instruments. Accordingly, management believes that the fair values are not expected to be materially different from their carrying values.

### 23 Related party transactions

#### (a) Parent and ultimate controlling party

The parent company of Glenmark Pharmaceutical (Nigeria) Limited is Glenmark Pharmaceutical Limited, Mumbai, India. It owns 100% of the issued share capital of Glenmark Pharmaceutical (Nigeria) Limited as at the end of the reporting year.

The Company has transactions with only its parent company. The total amounts payable to its parent company and the nature of the transactions are shown below:

## Notes to the Financial Statements

For the year ended 31 March 2021

### (b) Other related party transactions

#### Transaction values for the year ended

	31 March 2021	31 March 2020
	₦	₦
Purchase of goods	-	-
Interest payment on loan during the year	-	-
Investments by the parent Company		
Expense reimbursement		
Trade Payable	1,532,035,578	1,498,407,733
Loan Payable	246,854,400	241,436,000
Loan Interest Payable	188,130,490	161,121,000

### (c) Transaction with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

There were no transactions with key management personnel as at period end. (2020: Nil)

## 24 Contingencies

### (a) Contingent liabilities

The Company had no guarantees or contingent liabilities in respect of guarantees as at year end (2020: Nil)

### (b) Financial commitments

The Directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

## 25 Subsequent events

There were no significant events after the end of the reporting date which could have had a material effect on the state of affairs of the Company as at 31 March, 2021 and the profit for the year ended on that date which have not been adequately accounted for or disclosed where necessary.

## 26 Going Concern

The Company made a net loss before tax of N141.936 million (2020: N193.201 million). As at that date, the Company's Current Liabilities exceeded its Current Assets by N1.110 billion (2020: N1.001 billion) and the Company's Total liabilities exceeded its Total Assets by N885.806 million (2020: N786.451 million)



## Other Financial Information

### Value Added Statement

For the year ended

	<u>31 Mar 2021</u>	%	<u>31 Mar 2020</u>	%
	N		N	
Revenue	-		-	
Brought in materials and services	(119,195,699)		(101,854,910)	
<b>Value added by operating activities</b>	<u>(119,195,699)</u>	<u>100</u>	<u>(101,854,910)</u>	<u>100</u>
Applied to pay:				
<b>To Employees:</b>				
Wages, salaries and other employee - costs	5,746,089	(6)	5,746,089	(6)
<b>To Providers of Finance:</b>				
- Finance Cost	(68,167,203)	67	85,600,053	(84)
<b>To Government as:</b>				
- Taxes	42,580,940	(42)	(57,759,561)	57
<b>Retained in the business:</b>				
To maintain and replace:				
- Property plant and equipment	0	-	0	-
- To (deplete)/ augment reserve	(99,355,525)	98	(135,441,491)	133
<b>Value added</b>	<u>(119,195,699)</u>	<u>117</u>	<u>(101,854,910)</u>	<u>100</u>

Value added represents additional wealth created by the entity during the reporting period and the allocation of that wealth among various stakeholders and that retained for future creation of more wealth.

## Financial summary

For the year ended

### Statement of comprehensive income

	31 Mar 2021	31 Mar 2020	31 Mar 2019	31 Mar 2018	31 Mar 2017
	₦	₦	₦	₦	₦
Revenue	-	-	-	86,467,795	498,841,740
Profit/(Loss) before taxation	-	(193,201,052)	(166,104,493)	(400,606,034)	(862,943,519)
Profit/(Loss) for the year/period	-	(135,441,491)	128,854,284	(445,882,522)	(602,514,461)

### Ratios

Profit/(Loss) per share (Naira)	-	(0.21)	0.20	(0.69)	(0.93)
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### Statement of financial position

	31 Mar 2020	31 Mar 2019	31 Mar 2019	31 Mar 2018	31 Mar 2017
	₦	₦	₦	₦	₦
<b>Employment of Funds</b>					
Property, plant and equipment	-	-	-	-	22,979,623
Deferred tax asset	659,774,234	617,193,294	559,433,733	264,474,956	315,105,270
Net current assets	(1,110,596,203)	(1,001,087,629)	(844,237,561)	(812,918,935)	(465,376,807)
Non current liabilities	(434,984,890)	(402,557,000)	(366,206,016)	(231,420,150)	(200,970,249)
Deferred tax liability	-	-	-	-	(5,719,444)
<b>Net Assets</b>	<b>(885,806,860)</b>	<b>(786,451,335)</b>	<b>(651,009,844)</b>	<b>(779,864,129)</b>	<b>(333,981,607)</b>
<b>Funds Employed</b>					
Share capital	645,114,304	645,114,304	645,114,304	645,114,304	645,114,304
Retained earnings	(1,530,921,164)	(1,431,565,639)	(1,296,124,147)	(1,424,978,431)	(979,095,911)
	<b>(885,806,860)</b>	<b>(786,451,335)</b>	<b>(651,009,844)</b>	<b>(779,864,129)</b>	<b>(333,981,607)</b>

The financial information presented above reflect historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

**NACCIMA HOUSE**

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