Ranbaxy Pharmaceuticals Proprietary Limited
(Registration number 1993/003111/07)
Financial statements
for the year ended 31 March 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Import, marketing, manufacturing and trade of pharmaceutical goods and services
Directors	Desmond William Brothers Avesh Ajoodha Deepakh Mangal Sewnarain
Registered office	14 Lautre Road Stormill Ext 1 Roodepoort Gauteng 1724
Business address	14 Lautre Road Stormill Ext 1 Roodepoort Gauteng 1724
Postal address	P O Box 43486 Industria Gauteng 2042
Auditor	Ernst & Young Inc. 102 Rivonia Road Dennehof Sandton 2196
Secretary	SNG Grant Thornton
Company registration number	1993/003111/07
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were independently compiled by: Melissa McGill CA(SA)
Issued	21 May 2024

Contents

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

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company’s cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 6 to 8.

The financial statements set out on pages 9 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 21 May 2024 and were signed on their behalf by:

A Ajoodha **DW Brothers**

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Ranbaxy Pharmaceuticals Proprietary Limited for the year ended 31 March 2024.

1. Nature of business

Ranbaxy Pharmaceuticals Proprietary Limited is incorporated in South Africa. The principal activity of the company is the Import, marketing, manufacturing and trade of pharmaceutical goods and services. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

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

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

3. Share capital

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

4. Dividends

No dividends were declared or paid in the current year (2023: Rnil).

5. Directorate

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

Directors
Desmond William Brothers
Avesh Ajoodha
Deepakh Mangal Sewnarain

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. Holding company

The company's holding company is Sun Pharma (Netherlands) BV which holds 100% (2023: 100%) of the company's equity. Sun Pharma (Netherlands) BV is incorporated in the Netherlands.

8. Ultimate holding company

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

9. Events after the reporting period

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

10. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Directors' Report

11. Auditors

Ernst & Young Inc. continued in office as auditors for the company for 2024.

12. Secretary

The company secretary is SNG Grant Thornton.

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Independent Auditor's Report

To the Shareholders of Ranbaxy Pharmaceuticals Proprietary Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ranbaxy Pharmaceuticals Proprietary Limited ('the company') set out on pages 9 to 33, which comprise the statement of financial position as at 31 March 2024, 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 material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ranbaxy Pharmaceuticals Proprietary Limited as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 33-page document titled "Ranbaxy Pharmaceuticals Proprietary Limited Annual Financial Statements for the year ended 31 March 2024", which includes the General information; Directors' responsibilities and approval; and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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 the Directors for Financial Statements

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

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- 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.

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

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

Ernst & Young Inc.
Kavinesh Manicum
Director
Registered Auditor
Chartered Accountant (SA)

Ranbaxy Pharmaceuticals Proprietary Limited
(Registration number 1993/003111/07)
Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

	Notes	2024 R	2023 R
Assets			
Non-Current Assets			
Property, plant and equipment	4	95 975 335	74 969 160
Right-of-use assets	5	891 133	1 425 812
Intangible assets	6	3 316 857	2 647 735
Deferred tax	7	17 010 746	-
		117 194 071	**79 042 707**
Current Assets			
Inventories	8	765 715 144	800 889 209
Trade and other receivables	9	535 977 666	360 637 939
Current tax receivable		3 649 494	1 523 686
Cash and cash equivalents	10	727 323 779	113 164 532
		2 032 666 083	**1 276 215 366**
Total Assets		**2 149 860 154**	**1 355 258 073**
Equity and Liabilities			
Equity			
Share capital	11	700 000 200	700 000 200
Accumulated loss		(35 123 593)	(157 201 612)
		664 876 607	**542 798 588**
Liabilities			
Non-Current Liabilities			
Lease liabilities	5	469 132	1 103 488
Current Liabilities			
Trade and other payables	12	1 483 880 060	810 803 548
Lease liabilities	5	634 355	552 449
		1 484 514 415	**811 355 997**
Total Liabilities		**1 484 983 547**	**812 459 485**
Total Equity and Liabilities		**2 149 860 154**	**1 355 258 073**

Ranbaxy Pharmaceuticals Proprietary Limited

(Registration number 1993/003111/07)
Financial Statements for the year ended 31 March 2024

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 R	2023 R
Revenue	13	1 904 449 290	1 746 397 839
Cost of sales	14	(1 435 090 432)	(1 335 312 566)
Gross profit		**469 358 858**	**411 085 273**
Other operating income	15	9 890 932	9 882 367
Other operating gains (losses)	16	(849 488)	(5 643 804)
Other operating expenses		(410 920 940)	(357 003 069)
Operating profit	17	**67 479 362**	**58 320 767**
Investment income	19	43 417 711	11 587 227
Finance costs	20	(173 061)	(4 141 084)
Profit before taxation		**110 724 012**	**65 766 910**
Taxation	21	11 354 008	(3 049 262)
Total comprehensive income for the year		**122 078 020**	**62 717 648**

Statement of Changes in Equity

	Share capital	Redeemable preference shares	Total share capital	Accumulated loss	Total equity
	R	R	R	R	R
Balance at 01 April 2022	**200 000 200**	**500 000 000**	**700 000 200**	**(219 919 260)**	**480 080 940**
Total comprehensive income for the year	**-**	**-**	**-**	**62 717 648**	**62 717 648**
Balance at 01 April 2023	**200 000 200**	**500 000 000**	**700 000 200**	**(157 201 613)**	**542 798 587**
Total comprehensive income for the year	**-**	**-**	**-**	**122 078 020**	**122 078 020**
Balance at 31 March 2024	**200 000 200**	**500 000 000**	**700 000 200**	**(35 123 593)**	**664 876 607**
Note	11	11	11		

Statement of Cash Flows

	Note(s)	2024 R	2023 R
Cash flows from operating activities			
Cash generated from/(used in) operations	22	608 529 227	(65 853 431)
Interest income	19	43 417 711	11 587 227
Finance costs	20	(173 061)	(4 141 084)
Tax paid	23	(7 782 546)	(4 572 948)
Net cash from operating activities		**643 991 331**	**(62 980 236)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(28 420 893)	(14 062 290)
Proceeds from sale of property, plant and equipment	4	-	275 465
Purchases of intangible assets	6	(858 740)	(182 659)
Net cash from investing activities		**(29 279 633)**	**(13 969 484)**
Cash flows from financing activities			
Cash repayments on lease liabilities	5	(552 450)	(478 621)
Total cash movement for the year		**614 159 248**	**(77 428 341)**
Cash and cash equivalents at the beginning of the year		113 164 531	190 592 873
Cash and cash equivalents at the end of the year	10	**727 323 779**	**113 164 532**

Accounting Policies

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these financial statements.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of South Africa as amended.

The financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 3.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

At the end of the reporting period, the company estimated the expected credit loss as per the following methodology:

- Obtain a historical loss % based on the prior period bad debts written off;
- Obtain a forward looking % (based on probability of default % multiplied the average loss given default %) at which debts are expected to default based on the sector the customer belongs to;
- Determine the age bracket at which point a customer is expected to be at risk of default;
- Add the historical loss % and forward looking % and multiply this by the age bracket from where debt is deemed to be a credit risk, in order to obtain the expected credit loss.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses except for land which is not depreciated.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Machinery	Straight line	5 - 25 years
Fixtures and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	10% - 33.33% per annum

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. No material changes were made.

There were no indicators of impairment for property, plant and equipment and no impairment tests were performed.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	2 years
Copyrights, patents and other industrial rights, service and operating rights	Straight line	5 years

The useful life and amortisation method of intangible assets are reviewed at the end of each reporting year. No material changes were made.

There were no indicators of impairment for intangible assets and no impairment tests were performed.

1.5 Financial instruments

Financial instruments are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis.

The material accounting policies for each type of financial instrument held by the company are presented below:

Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write-offs accounting policy.

Impairment - Expected credit losses and write-offs

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

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The company writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the company's recovery procedures. Any recoveries made are recognised in profit or loss.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

De-recognition

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The company de-recognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

When management assess the extent to which is it probable that taxable profit will be available against which potential deferred tax assets can be utilised, they take into consideration that the utilisation of assessed losses are limited to the greater of 80% of the taxable income or R1 million in the year of assessment.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax rate applied to assets is determined by the expected manner of recovery. Where the expected recovery of the asset is through sale, the capital gains tax rate is applied. The normal tax rate is applied when the expected recovery is through use. A combination of these rates is applied if the recovery is expected to be partly through use and sale.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

No contracts were identified that required specific judgement as to whether they contained leases.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Accounting Policies

1.7 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

They are measured initially at the initial amount of the lease liability plus upfront payments and initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated, from commencement date, over the shorter period of lease term and useful life of the underlying asset.

Refer to the accounting policy for property, plant and equipment for details of useful lives of underlying assets.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

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

Write downs and reversals of write downs of inventories are included as part of the cost of goods sold.

1.9 Impairment of assets

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised immediately in profit or loss.

1.10 Share capital and equity

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

1.11 Employee benefits

Short-term employee benefits

Short-term employee benefits, which consist of paid annual leave and sick leave, bonuses, and medical care, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments are charged as an expense as they fall due.

1.12 Provisions and contingencies

The company recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the company will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in .

1.13 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Accounting Policies

1.13 Revenue from contracts with customers (continued)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g.,warranties, customer loyalty points). In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

1.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.15 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are translated at the end of the reporting period using the closing rate.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Refer to the individual accounting policies for financial instruments for the detailed foreign exchange accounting policies.

Notes to the Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• International tax reform - Pillar two model rules - amendments to IAS 12	01 January 2023	The impact of the amendment is not material.
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	The impact of the amendment is not material.
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	The impact of the amendment is not material.
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	The impact of the amendment is not material.
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	The impact of the amendment is not material.
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	The impact of the amendment is not material.
• IFRS 17 Insurance Contracts	01 January 2023	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lack of exchangeability - amendments to IAS 21	01 January 2025	Unlikely there will be a material impact
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	Unlikely there will be a material impact
• Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	Unlikely there will be a material impact
• Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact

3. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Disclosure of accounting policies: Amendments to IAS 1 and Practice Statement 2

The company adopted the amendments to IAS 1 and Practice Statement 2, which now require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment did not result in changes to measurement or recognition of financial statement items, but management reviewed the accounting policies and made changes to ensure that only material accounting policy information is disclosed.

4. Property, plant and equipment

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land	16 976 500	-	16 976 500	16 976 500	-	16 976 500
Machinery	309 117 295	(248 981 016)	60 136 279	283 962 667	(246 543 734)	37 418 933
Fixtures and fittings	7 805 391	(7 593 454)	211 937	7 791 621	(7 567 723)	223 898
Motor vehicles	786 862	(715 290)	71 572	786 862	(696 607)	90 255
Office equipment	803 293	(726 719)	76 574	803 293	(721 604)	81 689
Computer equipment	5 763 426	(4 090 329)	1 673 097	4 295 307	(3 721 874)	573 433
Leasehold improvements	127 777 330	(112 128 762)	15 648 568	127 777 330	(111 686 811)	16 090 519
Capital - Work in progress	1 180 808	-	1 180 808	3 513 933	-	3 513 933
Total	**470 210 905**	**(374 235 570)**	**95 975 335**	**445 907 513**	**(370 938 353)**	**74 969 160**

Reconciliation of property, plant and equipment - 2024

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Total**
Land	16 976 500	-	-	-	-	16 976 500
Machinery	37 418 933	26 939 003	(150 311)	2 333 125	(6 404 471)	60 136 279
Fixtures and fittings	223 898	13 770	-	-	(25 731)	211 937
Motor vehicles	90 255	-	-	-	(18 683)	71 572
Office equipment	81 689	-	-	-	(5 115)	76 574
Computer equipment	573 433	1 468 120	-	-	(368 456)	1 673 097
Leasehold improvements	16 090 519	-	-	-	(441 951)	15 648 568
Capital - Work in progress	3 513 933	-	-	(2 333 125)	-	1 180 808
	74 969 160	**28 420 893**	**(150 311)**	**-**	**(7 264 407)**	**95 975 335**

Reconciliation of property, plant and equipment - 2023

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Total**
Land	16 976 500	-	-	-	-	16 976 500
Machinery	39 670 406	4 784 141	-	-	(7 035 614)	37 418 933
Fixtures and fittings	257 892	-	-	-	(33 994)	223 898
Motor vehicles	359 954	-	(157 166)	-	(112 533)	90 255
Office equipment	87 278	-	-	-	(5 589)	81 689
Computer equipment	627 616	383 104	(1)	-	(437 286)	573 433
Leasehold improvements	15 888 826	633 026	-	-	(431 333)	16 090 519
Capital - Work in progress	2 489 647	8 262 019	-	(7 237 733)	-	3 513 933
	76 358 119	**14 062 290**	**(157 167)**	**(7 237 733)**	**(8 056 349)**	**74 969 160**

5. Leases (company as lessee)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Buildings	2 673 399	(1 782 266)	891 133	2 673 399	(1 247 587)	1 425 812

Reconciliation of right-of-use assets - 2024

	Opening balance	**Depreciation**	**Total**
Buildings	1 425 812	(534 679)	891 133

5. Leases (company as lessee) (continued)

Reconciliation of right-of-use assets - 2023

	Opening balance	Depreciation	Total
Buildings	1 960 492	(534 680)	1 425 812

Other disclosures

Leases of low value assets included in operating expenses	467 806	1 102 523
Total cash outflow from leases	(675 684)	(646 587)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	634 335	552 449
Two to five years	469 134	1 103 488
	1 103 469	**1 655 937**

Minimum lease payments due:		
Within one year	706 090	675 684
Two to five years	484 640	1 190 729
	1 190 730	**1 866 413**

Non-current liabilities	469 132	1 103 488
Current liabilities	634 355	552 449
	1 103 487	**1 655 937**

6. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Copyrights, patents and other industrial property rights	4 117 089	(1 027 288)	3 089 801	3 257 349	(927 998)	2 329 351
Computer software	1 005 412	(778 356)	227 056	1 005 412	(687 028)	318 384
Total	**5 122 501**	**(1 805 644)**	**3 316 857**	**4 262 761**	**(1 615 026)**	**2 647 735**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Copyrights, patents and other industrial property rights	2 329 351	858 740	(98 290)	3 089 801
Computer software	318 384	-	(91 328)	227 056
	2 647 735	**858 740**	**(189 618)**	**3 316 857**

Reconciliation of intangible assets - 2023

	Opening balance	Transfers	Amortisation	Total
Copyrights, patents and other industrial property rights	188 408	2 140 943	-	2 329 351
Computer software	261 551	182 659	(125 826)	318 384
	449 959	**2 323 602**	**(125 826)**	**2 647 735**

Notes to the Financial Statements

7. Deferred tax

Deferred tax liability

Property, plant and equipment	(18 979 739)	-
Lease asset	(240 606)	-
Total deferred tax liability	**(19 220 345)**	**-**

Deferred tax asset

Assessed loss	31 500 103	-
Lease liability	297 941	-
Provision for leave pay	1 410 475	-
Provision for bonus	1 630 822	-
Provision for doubtful debt	1 391 750	-
Deferred tax balance from temporary differences other than unused tax losses	36 231 091	-

The estimated tax loss available for set off against future taxable income is R200 236 761 (2023: R200 236 761).

Deferred tax liability	(19 220 345)	-
Deferred tax asset	36 231 091	-
Total net deferred tax asset	**17 010 746**	**-**

8. Inventories

Raw materials	216 792 380	183 536 666
Work in progress	13 514 093	28 826 048
Finished goods	504 348 989	461 379 714
Merchandise	31 059 682	127 146 781
	765 715 144	**800 889 209**

Inventories of R13 333 253 were written down to net realisable value during the current year (2023: R13 333 253).

9. Trade and other receivables

Financial instruments:		
Trade receivables	537 445 037	344 886 252
Allowances for discounts, rebates and returns	(42 774)	-
Loss allowance	(7 903 764)	(3 873 755)
Trade receivables at amortised cost	529 498 499	341 012 497
Other receivable	1 305 792	131 170
Non-financial instruments:		
VAT	-	18 636 198
Employee costs in advance	(4 440)	-
Prepayments (if immaterial)	5 177 815	858 074
Total trade and other receivables	**535 977 666**	**360 637 939**

Split between non-current and current portions

Current assets	535 977 666	360 637 939

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	530 804 291	341 143 667
Non-financial instruments	5 173 375	19 494 272
	535 977 666	**360 637 939**

Exposure to credit risk

9. Trade and other receivables (continued)

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

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

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

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2024	2024	2023	2023
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due	465 625 445	-	275 812 753	-
31 - 60 days past due	9 087 139	-	22 215 848	-
61 - 90 days past due	3 620 686	-	8 240 667	-
91 - 120 days past due	8 091 629	-	5 435 862	-
More than 120 days past due	37 766 532	(7 903 764)	18 190 124	(3 873 755)
Total	**524 191 431**	**(7 903 764)**	**329 895 254**	**(3 873 755)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	(3 873 755)	(13 945 488)
Amounts recovered	-	10 071 733
Provision raised	(4 030 009)	-
Closing balance	**(7 903 764)**	**(3 873 755)**

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 070	7 237
Bank balances	727 319 709	113 157 295
	727 323 779	**113 164 532**

Notes to the Financial Statements

	2024 R	2023 R

11. Share capital

Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Issued		
Ordinary	200 000 200	200 000 200
Redeemable preference shares	500 000 000	500 000 000
	700 000 200	**700 000 200**

12. Trade and other payables

Financial instruments:		
Trade payables	58 410 073	20 980 754
Trade payables - related parties	1 287 928 662	720 920 898
Other payables and accruals	6 029 750	1 689 464
Non-financial instruments:		
Payroll accruals	1 273 795	1 074 828
Marketing accruals	122 259 990	66 137 604
VAT	7 977 790	-
	1 483 880 060	**810 803 548**

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. No interest is charged on trade payables. The company and the group have risk management policies in place to ensure that all payables are paid within the agreed credit terms. The carrying amount of financial liabilities approximates its fair values.

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	1 339 114 879	743 591 116
Non-financial instruments	131 511 575	67 212 432
	1 470 626 454	**810 803 548**

13. Revenue

Revenue from contracts with customers		
Sale of goods	1 904 449 290	1 746 397 839

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Sale of goods		
Sale of goods	1 904 449 290	1 746 397 839

Timing of revenue recognition

At a point in time		
Sale of goods	1 904 449 290	1 746 397 839

14. Cost of sales

Sale of goods	1 435 090 432	1 335 312 566

Notes to the Financial Statements

	2024 R	2023 R

15. Other operating income

Insurance claim received	147 739	-
Other income	9 743 193	9 882 367
	9 890 932	**9 882 367**

16. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements		
Property, plant and equipment	252 189	118 298
Foreign exchange gains (losses)		
Net foreign exchange loss	(1 101 677)	(5 762 102)
Total other operating gains (losses)	**(849 488)**	**(5 643 804)**

17. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration	**1 830 647**	**1 277 646**
Remuneration, other than to employees		
Consulting and professional services	1 026 672	2 237 821
Employee costs		
Salaries, wages, bonuses and other benefits	204 121 185	191 936 968
Short-term benefit	8 145 047	8 530 502
Retirement benefit plans: defined contribution expense	6 720 773	6 230 099
Total employee costs	**218 987 005**	**206 697 569**
Leases		
Leases of low value assets	467 806	1 102 523
Total lease expenses	**467 806**	**1 102 523**
Depreciation and amortisation		
Depreciation of property, plant and equipment	7 362 697	8 056 349
Depreciation of right-of-use assets	534 679	534 680
Amortisation of intangible assets	91 328	125 826
Total depreciation and amortisation	**7 988 704**	**8 716 855**

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Changes in inventories of finished goods and work in progress	1 435 090 432	1 335 312 566
Employee costs	218 987 005	206 697 569
Lease expenses	467 806	1 102 523
Depreciation, amortisation and impairment	7 988 704	8 716 855
Other expenses	183 477 425	140 486 122
	1 846 011 372	**1 692 315 635**

18. Retirement benefits

Defined Contribution Plan

Notes to the Financial Statements

	2024 R	2023 R

18. Retirement benefits (continued)

It is the policy of the company to provide retirement benefits to all its full-time employees. One defined contribution pension fund, which are subject to the Pension Fund Act exists for this purpose. The scheme is funded both by member and by the company contributions which are charged to the income statement at they are incurred. The total contribution to the scheme in the current year was R6 230 099 (2023: R6 230 099) for the company.

19. Investment income

	2024	2023
Interest income		
Investments in financial assets:		
Bank and other cash	43 417 711	11 587 227

20. Finance costs

	2024	2023
Other interest paid	173 061	4 141 084

21. Taxation

Major components of the tax income

	2024	2023
Current		
Local income tax - current period	5 656 738	3 049 262
Deferred		
Originating and reversing temporary differences	(17 010 746)	-
	(11 354 008)	**3 049 262**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2024	2023
Applicable tax rate	27,00 %	28,00 %
Permanent differences	(33,11)%	(23,36)%
Deferred tax movement	(4,14)%	- %
	(10,25)%	**4,64 %**

The estimated tax loss available for set off against future taxable income is R 200 236 760 (2023: R 200 236 760). For years of assessment ending on or after 31 March 2023, there will be a limit on a company’s brought forward assessed loss that will be available for set off against taxable income. The assessed loss available for set off against taxable income is limited to the higher of either: 80% of the taxable income for the year before considering the assessed loss brought forward, or R 1 million. This resulted in the company providing for taxation on 20% of its taxable income. The amendment was enacted in terms of the Taxation Laws Amendment Act of 2021 effective 1 April 2022.

Notes to the Financial Statements

	2024 R	2023 R
22. Cash generated from/(used in) operations		
Profit before taxation	110 724 012	65 766 910
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	7 988 704	8 716 855
Gains on sale of assets and liabilities	(252 189)	(118 298)
Losses on exchange differences	1 101 677	-
Non-cash movement in property, plant and equipment	402 500	5 096 787
Movement in bad debt provision	4 030 009	-
Adjust for items which are presented separately:		
Interest income	(43 417 711)	(11 587 227)
Finance costs	173 061	4 141 084
Changes in working capital:		
(Increase) decrease in inventories	35 174 065	(357 413 863)
(Increase) decrease in trade and other receivables	(179 369 736)	(65 149 466)
Increase (decrease) in trade and other payables	671 974 835	284 693 787
	608 529 227	**(65 853 431)**

	2024 R	2023 R
23. Tax paid		
Balance at beginning of the year	1 523 686	-
Current tax recognised in profit or loss	(5 656 738)	(3 049 262)
Balance at end of the year	(3 649 494)	(1 523 686)
	(7 782 546)	**(4 572 948)**

Notes to the Financial Statements

	2024 R	2023 R

24. Related parties

Relationships

Ultimate holding company	Sun Pharmaceutical Industries Limited
Holding company	Sun Pharma (Netherlands) BV
Fellow subsidiaries	Sonke Pharmaceuticals Proprietary Limited
Sister company	Ranbaxy (South Africa) Proprietary Limited
	Sun Pharmaceuticals SA Proprietary Limited
Members of key management	Desmond William Brothers (Director)
	Avesh Ajoodha (Director)
	Deepakh Mangal Sewnarain (Director)

Related party balances

	2024 R	2023 R
Amounts included in trade receivables regarding related parties		
Sonke Pharmaceuticals Proprietary Limited	55 974 183	160 714 225
Sun Pharmaceuticals SA Limited	42 061	-
Sun Pharmaceuticals Industries Limited	590 069	33 352 340
Ranbaxy (South Africa) Proprietary Limited	8 025 956	920 338
	64 632 269	**194 986 903**
Amounts included in trade payables regarding related parties		
Ranbaxy (South Africa) Proprietary Limited	(33 174 208)	(49 738 117)
Sonke Pharmaceuticals Proprietary Limited	(17 115 102)	(5 331 883)
Sun Pharmaceutical Industries Limited	(124 575 920)	(665 850 898)
	(174 865 230)	**(720 920 898)**

Related party transactions

	2024 R	2023 R
Sales to related parties		
Sonke Pharmaceuticals Proprietary Limited	455 498 238	459 264 850
Purchases from related parties		
Sun Pharmaceutical Industries Limited	(977 220 043)	(1 339 253 726)
Sun Pharmaceuticals Industries (Australia) Pty Ltd	(3 956 039)	(2 207 212)
Ranbaxy (South Africa) Proprietary Limited	(16 247 348)	(31 640)
	(997 423 430)	**(1 341 492 578)**
Royalties received from related parties		
Sonke Pharmaceuticals Proprietary Limited	9 022 801	9 001 083
Management fee cross charges between related parties		
Ranbaxy (South Africa) Proprietary Limited	92 911 689	83 610 906

25. Directors' emoluments

Executive

2024

Directors' emoluments	**Basic salary**	**Bonuses and performance related payments**	**Pensions receivable or received**	**Total**
Services as director or prescribed officer				
[redacted]	3 550 788	773 128	210 685	4 534 601
	1 762 471	293 323	99 407	2 155 201
	1 791 171	295 039	107 396	2 193 606
	7 104 430	**1 361 490**	**417 488**	**8 883 408**

2023

Directors' emoluments	**Basic salary**	**Bonuses and performance related payments**	**Pensions receivable or received**	**Total**
Services as director or prescribed officer				
[redacted]	3 653 924	751 048	492 797	4 897 769
	1 887 949	97 014	184 164	2 169 127
	1 765 470	263 658	237 822	2 266 950
	4 276 995	678 713	335 858	5 291 566
	11 584 338	**1 790 433**	**1 250 641**	**14 625 412**

	2024	2023
	R	R

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024

	Note(s)	Amortised cost	Total
Trade and other receivables	9	530 804 291	530 804 291
Cash and cash equivalents	10	727 323 779	727 323 779
		1 258 128 070	**1 258 128 070**

2023

	Note(s)	Amortised cost	Total
Trade and other receivables	9	341 143 667	341 143 667
Cash and cash equivalents	10	113 164 532	113 164 532
		454 308 199	**454 308 199**

Categories of financial liabilities

2024

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	12	1 339 114 879	-	1 339 114 879
Lease liabilities	5	-	1 103 487	1 103 487
		1 339 114 879	**1 103 487**	**1 340 218 366**

2023

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	12	743 591 116	-	743 591 116
Lease liabilities	5	-	1 655 937	1 655 937
		743 591 116	**1 655 937**	**745 247 053**

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

26. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the board of directors on its activities.

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.

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

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

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

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

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

Provision for doubtful debt policy:

- Provide for all debt outstanding for 1 year or more
- Provide for all state related penalties and claims;
- Provide for all invoices for which no supporting documentation is not available
- Provide on specific debt, i.e. companies in business rescue or busy with liquidation and any debtor for which recovery is unlikely.

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

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

The maximum exposure to credit risk is presented in the table below:

	2024	2023
	R	R

26. Financial instruments and risk management (continued)

		2024			2023		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	9	543 924 204	(7 903 764)	536 020 440	364 511 694	(3 873 755)	360 637 939
Cash and cash equivalents	10	727 323 779	-	727 323 779	113 164 532	-	113 164 532
		1 271 247 983	**(7 903 764)**	**1 263 344 219**	**477 676 226**	**(3 873 755)**	**473 802 471**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2024

		Less than 1 year	**1 to 2 years**	**Total**	**Carrying amount**
Non-current liabilities					
Lease liabilities	5	-	1 103 487	1 103 487	469 132
Current liabilities					
Trade and other payables	12	1 339 114 879	-	1 339 114 879	1 339 114 879
Lease liabilities	5	-	-	-	634 355
		1 339 114 879	**1 103 487**	**1 340 218 366**	**1 340 218 366**

2023

		Less than 1 year	**1 to 2 years**	**Total**	**Carrying amount**
Non-current liabilities					
Lease liabilities	5	-	1 103 488	1 103 488	1 103 488
Current liabilities					
Trade and other payables	12	743 591 116	-	743 591 116	743 591 116
Lease liabilities	5	552 449	-	552 449	552 449
		605 913 067	**1 103 488**	**745 247 053**	**745 247 053**

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars, pounds and rupees.

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

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

		2024 R	2023 R

26. Financial instruments and risk management (continued)

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:
Exposure:

		2024 R	2023 R
Current liabilities:			
Trade and other payables USD 31 211 (2023: USD 1 932)	12	(590 069)	(34 390)

Exchange rates		
Foreign currency per Rand		
USD	18,906	17,800

27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied is that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors is not aware of any new material changes that may adversely impact the company. The directors is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

28. Events after the reporting period

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