

SUN PHARMA EGYPT (L.L.C.)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024
TOGETHER WITH AUDITOR'S REPORT

SUN PHARMA EGYPT (L.L.C.)
Financial statements
For the year ended 31 MARCH 2024

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AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN PHARMA EGYPT (L.L.C.)

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA EGYPT (L.L.C.)**, represented in the statement of financial position as of 31 March 2024, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **SUN PHARMA EGYPT (L.L.C)** as of 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Emphasis of a matter

Without qualifying our opinion, We draw attention to note (2-1) of the notes to the financial statements, that the company's accumulated losses exceeded its issued and paid up capital amounted to EGP 198,678,134 as of 31 March 2024, which raises material uncertainty that may result in significant doubt on the company's ability to continue as going concern. The financial statements were prepared under the going concern assumption since the parent company will continue to support the company in meeting its liabilities as they fall due within the coming 12 months, the matter which necessitates calling an Extraordinary General Assembly Meeting to decide the continuity of the company in accordance with the provisions of law 159 for the year 1981.

Report on other legal and regulatory requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records. The physical inventory count was undertaken by the Company's Management in accordance with the proper norms.

The financial information included in the General Manager's Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company insofar as such information is recorded therein.

Ahmed Mamdouh Farag
R.A.A 6822
EFSA's Register No. 126
CBE's Register No. 125
Kreston Egypt

Cairo, 19 / 5 / 2024

SUN PHARMA EGYPT (L.L.C.)

STATEMENT OF FINANCIAL POSITION
As of 31 MARCH 2024

	Notes No.	31/03/2024 EGP	31/3/2023 EGP
Non-current assets			
Fixed assets (net)	(3)	33,147,020	33,166,971
Intangible assets (net)	(4)	1,602,969	1,836,735
Projects under construction	(5)	429,839	2,680,084
Right-of-use assets (net)	(17)	1,806,332	2,408,442
Deferred tax assets		2,963,286	--
Total non-current assets		39,949,446	40,092,232
Current assets			
Inventory (net)	(6)	54,327,282	34,899,485
Trade and notes receivables (net)	(7)	119,067,596	37,540,308
Due from related parties		3,631,368	4,431,368
Prepayments and other debit balances (net)	(8)	22,578,226	17,496,552
Cash on hand and at banks	(9)	41,209,622	15,764,143
Total current assets		240,814,094	110,131,856
Total assets		280,763,540	150,224,088
Equity			
Paid up capital	(12)	4,851,000	4,851,000
Subordinated loan - shareholder	(21)	276,708,302	229,925,397
Legal reserve		961,105	961,105
Retained earnings (loss)		(157,959,021)	(110,801,169)
Net profit (loss) of the year		(40,719,113)	(47,157,852)
Total equity		83,842,273	77,778,481
Non-current liabilities			
Long term lease obligations	(18)	1,478,806	2,065,617
Total non-current liabilities		1,478,806	2,065,617
Current liabilities			
Provisions of claims	(10)	4,124,053	4,512,613
Trade and notes payables		19,655,198	11,306,708
Due to related parties	(20)	149,399,771	35,162,833
Accrued expenses and other credit balances	(11)	21,676,628	18,898,308
Long term lease obligations - current portion	(18)	586,811	499,528
Total current liabilities		195,442,461	70,379,990
Total equity and liabilities		280,763,540	150,224,088

Financial Manager

Debdulal Sinha

General Manager

- The accompanying notes from (6) to (27) are an integral part of these financial statements.

SUN PHARMA EGYPT (L.L.C.)

STATEMENT OF PROFIT OR LOSS
For the Year Ended 31 MARCH 2024

	Notes No.	31/03/2024 EGP	31/3/2023 EGP
Net sales	(13)	243,607,639	110,793,297
Cost of sales	(14)	(128,583,955)	(55,911,330)
Gross profit		115,023,684	54,881,967
Selling and marketing expenses		(47,215,869)	(35,019,073)
General and administrative expenses		(40,404,753)	(28,116,089)
Operating expenses	(15)	(27,609,877)	(21,869,674)
Provisions	(10)	(35,159)	(2,116,182)
Impairment in trade receivables	(7)	(3,244,248)	(608,127)
Interest on lease liabilities		(216,656)	(236,675)
Foreign exchange loss		(39,685,394)	(14,877,638)
Financing costs		(465,510)	--
Total expenses		(158,877,466)	(102,843,458)
Net loss for operating activities		(43,853,782)	(47,961,491)
Credit income		171,383	111,062
Provisions no longer required		--	692,577
loss before income tax		(43,682,399)	(47,157,852)
Deferred tax	(16)	2,963,286	--
Net loss for the year		(40,719,113)	(47,157,852)

Financial Manager

Debdulal Sinha

General Manager

- The accompanying notes from (6) to (27) are an integral part of these financial statements

SUN PHARMA EGYPT (L.L.C.)

Statement of Comprehensive Income
For the Year Ended 31 MARCH 2024

	31/3/2024	31/3/2023
	EGP	EGP
Net loss for the year	(40,719,113)	(47,157,852)
Other comprehensive income	--	--
Total comprehensive income for the period	(40,719,113)	(47,157,852)

- The accompanying notes from (6) to (27) are an integral part of these financial statements

SUN PHARMA EGYPT (L.L.C.)

STATEMENT OF CHANGES IN EQUITY

For The year ended 31 March 2024

	Paid up capital EGP	Subordinated loans - shareholders EGP	Legal reserve EGP	Retained earnings (loss) EGP	Net profit (loss) of the year EGP	Total EGP
Balance as of 1/4/2022	4,851,000	224,977,575	961,105	(97,449,611)	(13,351,558)	119,988,511
Transferred to Accumulated (losses) losses per share for the year (LE/share)	--	--	--	(13,351,558)	13,351,558	--
Other comprehensive income	--	--	--	--	--	--
Subordinated loan - shareholder	--	4,947,822	--	--	--	4,947,822
Total other comprehensive income	--	4,947,822	--	--	(47,157,852)	(42,210,030)
Balance as of 31/3/2023	4,851,000	229,925,397	961,105	(110,801,169)	(47,157,852)	77,778,481
Balance as of 1/4/2023	4,851,000	229,925,397	961,105	(110,801,169)	(47,157,852)	77,778,481
Transferred to Accumulated (losses)	--	--	--	(47,157,852)	47,157,852	--
Net loss for the year	--	--	--	--	(40,719,113)	(40,719,113)
Other comprehensive income	--	--	--	--	--	--
Subordinated loan - shareholder	--	46,782,905	--	--	--	46,782,905
Total other comprehensive income	--	46,782,905	--	--	(40,719,113)	6,063,792
Total transaction with the owners	--	--	--	--	--	--
Balance as of 31/3/2024	4,851,000	276,708,302	961,105	(157,959,021)	(40,719,113)	83,842,273

- The accompanying notes from (6) to (27) are an integral part of these financial statements.

SUN PHARMA EGYPT (L.L.C.)

STATEMENT OF CASH FLOWS

For The year ended 31 March 2024

	Notes No.	31/3/2024 EGP	31/3/2023 EGP
Cash flows from operating activities			
loss before income tax		(43,682,399)	(47,157,852)
Adjustments for:			
Depreciation of fixed assets	(3)	6,062,738	7,278,437
Impairment in inventory		--	3,270,677
Impairment in trade receivables		3,244,248	608,127
Interests income		(171,383)	(111,062)
Provisions		35,159	2,116,182
Provisions no longer required		--	(692,577)
Right-of-use assets depreciation		602,110	602,110
Interest on lease liabilities		216,656	236,675
Foreign exchange currency		39,685,394	--
Finance interests and expenses		465,510	--
		6,458,033	(33,849,283)
Change in:			
Inventory (net)		(19,427,797)	(8,465,887)
Trade and notes receivables (net)		(84,771,536)	17,891,804
Debtors and other debit balances		(5,081,674)	(7,887,892)
Due from related parties		800,000	(276,455)
Trade and notes payables		8,348,490	6,516,942
Due to related parties		114,236,938	28,448,810
Creditors and other credit balances		2,778,320	4,572,878
Cash flows provided from operating activities		23,340,773	6,950,917
Provisions used		(423,718)	(2,523,598)
Interest finance expenses paid		(465,510)	--
Net cash flows provided from operating activities		22,451,545	4,427,319
Cash flows from investing activities			
Acquisition of fixed assets		(3,558,775)	(1,028,673)
Payments for assets under construction		--	(2,680,084)
Credit interests collected		171,383	111,062
Net cash flows used in investing activities		(3,387,392)	(3,597,695)
Cash flows from financing activities			
Proceeds from Subordinated loan-shareholder		46,782,903	4,947,822
Payments for rent obligations		(716,184)	(682,082)
Net cash provided from financing activities		46,066,719	4,265,740
Net change in cash and cash equivalents		65,130,873	5,095,364
Foreign exchange differences		(39,685,394)	--
Cash and cash equivalents at the beginning of year		15,764,143	10,668,779
Cash and cash equivalents at the ending of period		41,209,622	15,764,143
Cash and cash equivalents is as follows:			
Cash at banks - local currency		31,144,256	15,758,793
Cash at banks - foreign currencies		10,065,232	4,056
Cash on hand		134	1,294
		41,209,622	15,764,143

- The accompanying notes from (6) to (27) are an integral part of these financial statements.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

1 BACKGROUND

Sun Pharma Egypt (L.L.C.) is an Egyptian Limited Liability Company established under the Egyptian Law no. 159 of 1981 and its executive regulations.

The company's duration is 25 years starting from the date of registration in the commercial registry.

The company is a subsidiary of Sun Pharma Netherlands, which is considered the major shareholder with a share of 99.9%.

The company was located at 3 Ahmed Nessim St., Giza, Egypt.

According to the Extraordinary General Assembly dated 31 December 2016, the company's shareholders approved the change of the main office location to be number 47 street number 270, Albasaten, New Maadi.

The company is registered in the commercial registry in Cairo under no. 103501 on 22 January 1996. The company's legal domicile is in Cairo – Arab Republic of Egypt.

The company's registration in the commercial registry in Cairo under no. 103501 has been renewed on 21 January 2021 until 20 January 2046 .

According to the Extraordinary General Assembly dated 10 December 2013 the financial year end was changed from 31 December to 31 March for each year.

According to the Extraordinary General Assembly dated 15 January 2018 the company name was changed from Ranbaxy Egypt Company (L.L.C.) to be Sun Pharma Egypt Limited (L.L.C.) and the financial year was changed from 31 December to 31 March.

The principal activities of the company are:

1. Constructing, managing and operating pharmaceutical industries and medical raw material.
2. Manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials.
3. Handling all exporting matters
4. Manufacturing for others and at others premises.

The General Manager approved the financial statements as of 31 MARCH 2024 on 15 May 2024

2 SIGNIFICANT ACCOUNTING POLICIES

2-1 BASIS OF PREPARATION

The financial statements are prepared under the going concern assumption on a historical cost basis. Except for the measurement at fair value of financial assets held at fair value.

The financial statements are prepared and presented in Egyptian pound, which is the Company's functional currency.

The company's accumulated losses exceeded its issued and paid up capital amounted to 198,678,134 EGP as of 31 March 2024, which raises material uncertainty that may result in significant doubt on the company's ability to continue as going concern. The financial statements were prepared under the going concern assumption since the parent company will continue to support the company in meeting its liabilities as they full due within the coming 12 months.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

STATEMENT OF COMPLIANCE

The financial statements of the company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.

The accounting policies adopted this year are consistent with those of the previous year.

2-2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

Judgments

Revenue recognition for sale of goods

In making their judgment, management considered the detailed criteria for the recognition of revenue from the sale of goods as set out in "EAS 48 Revenue from contracts with customers", and, in particular, whether the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually upon the delivery of the goods and the issuance of an invoice.

Estimates

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimate is performed on an individual basis. Amounts which are not individually significant, but are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

Useful lives of fixed assets

The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Taxes

The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt.

Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Foreign currency translation

Transactions in foreign currencies are initially recorded using the exchange rates prevailing that on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the statement of financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined.

Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses

	Years
Machinery and equipment	5-10
Building	25
Tools and furniture	10
Office equipment	3-10
Leasehold improvements	Lower of estimated useful life or actual rent period

Such cost includes the cost of replacing part of the building, plant, and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the building, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life as above:

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset is included in the statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES (CONTINUED)

The Company assesses at each statement of financial position date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

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

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired, the amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at each financial year end.

Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Projects under construction are valued at cost less impairment.

Inventory

Inventory is valued at the lower of cost (using the moving average method) or net realizable value.

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

The amount of any write down of inventories to net realizable value shall be recognized in cost of sales in the statement of profit or loss 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 realizable value, shall be recognized as reduction of cost of sales in the statement of profit or loss in the period in which the reversal occurs.

Financial Instrument (Financial Assets & Financial Liabilities)

(A) Financial Assets

The company initially recognizes the financial asset in the statement of financial position when the company becomes a party to the contractual provisions of the financial asset.

The company initially measures the trade receivables at their transaction price .as for other financial assets, except for those subsequently measured at fair value through profit or loss ,The initial measurement of the acquisition of a financial asset is carried out at its fair value minus transaction cost that are directly attributable to the acquisition or issue of the financial asset The entity recognizes the purchase or sale of financial assets using the trading date accounting , and the same method is applied to all purchases and sales of financial assets.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement

- The company subsequently measures the financial assets that are represented in (Trade receivables , Notes Receivables and time deposits)at amortized cost, as the company keeps the financial assets to collect contractual cash flows only and cash flows arise on specific dates that are solely payments of principal and interest on the principal amount.outstanding DE recognition

The entity derecognizes the asset when the contractual right to receive cash flows from the financial asset expires.or transfers the financial asset and the transfer qualifies for DE recognition

The profit (loss) on disposal of a financial asset is the difference between the carrying amount at the date of disposal and the proceeds from disposal of the financial asset.

Impairment of financial assets

- At the end of each financial period, the company measures the loss allowance at an amount equal to life time expected credit losses for (trade Receivables using the simplified approach by weighting the amount of credit losses by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information available to it at the reporting date about past events, current conditions, and expectations about future economic conditions Or, these events have an impact that can be reliably evaluated on the expected financial flows from the financial asset or group of assets .
- The company recognizes the amount of credit losses (or reversal of losses) that is required to adjust the loss allowance at the reporting date to the amount that should be recognizes the impairment gain or losses.

(B) Financial liabilities:

Initial recognition and measurement :

- The company initially recognizes the financial liability in the statement of financial position when the company becomes a party to the contractual provisions of the instrument .
- The initial measurement of the acquisition of a financial liability is at its fair value in addition to other costs directly related to the execution of the transaction., Unless the financial liability classified as subsequently measured at fair value through profit or loss.

Subsequent measurement:

The company measures its financial liabilities at amortized cost using the effective interest method.

DE recognition:

The company derecognizes a financial liability only when it is extinguished, is when the specified obligation is paid, canceled or expires.

The company recognizes the difference between the carrying amount of the financial liability or part of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or obligations incurred in the profit or loss.

Offsetting takes place between the Company`s financial asset and its liability and presenting the net set-off in the statement of financial position when the company has the enforceable legal right to set off the recognized amounts and the company has the intention either to conduct the settlement on the basis of the net amounts or to realize the asset and settle the liability at the same time.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources representing economic benefits will be required to settle the obligation, and reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

Social insurance

The Company makes contributions to the Social Insurance Authority calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Employees' retirements benefits

The company contributes to the social insurance scheme for the benefits of its employees in pursuance of the Social Insurance Law No. 79 of 1975 as amended. Contributions are charged to expenses as incurred.

Legal reserve

According to the Company's articles of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the statement of financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of profit or loss.

Income taxes

Income tax is calculated in accordance with the Egyptian tax law.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and its carrying amount in the statement of financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

Revenue recognition

The company identifies the contracts as a contract with customer only when the terms of the contract have been approved by the parties to the contract, both parties can identify their rights regarding the goods, the company can identify the payment terms and the contract has commercial substance.

The Company, at contract inception, evaluates the promised goods or services in the contract with the customer to determine each undertaking to transfer any of the following to the customer as a performance obligation: -

1- A distinct good or service (or)

2- A bundle of goods or services which is a series of distinct and substantially similar goods or services that retransferred to the same customer in the same manner accordingly, the company has determined its performance obligations to customers is delivering the goods which the company are made by the company to recognize revenue from a contract with a customer, once fulfilling performance obligations, the company assesses the extent to which the promised good or service (the asset) has been transferred to the customer, and the asset is deemed to have been transferred when the customer obtains control of that asset.

The company fulfilling the performance obligations at a point in time.to determine that point in time, the company considered all the requirements of the transfer of control, which include ;The company's right to collect the consideration for the asset, and the customer's obligation to pay for the asset, and his right to obtain nearly all the remaining economic benefits from it in return, and his ability to direct the use of the asset or restricting the access of others to the asset.

When determining the transaction price, the company considers the terms of the contract and normal commercial practices to determine the consideration expected to be collected in exchange for transferring goods or services to the customer, with the exception of amounts collected on behalf of third parties. The consideration promised in the contracts with customers include only fixed considerations. The company identified that contract with customer has no significant financing component as no difference between the amount of promised consideration and the cash selling price of the promised goods or services and the expected length between when the entity transfers the promised goods or services to the customer and when the customer pays for those goods or services is a short period.

The company measures the expected credit losses for amounts receivable from customers, or for assets arising from the company's contracts with customers in accordance with the requirements of the Egyptian accounting standards (EAS47: Financial Instruments), and classifies them separately from other impairment losses.

Interest income

Interest income is recognized on the basis of the proportion of time taking into account the effective rate of return on the asset.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Costs to fulfil a Contract

The Company recognizes costs incurred in fulfilling a contract with a customer as an asset when those costs relate directly to a contract or a to an anticipated contract that can be specifically identified, and will enhance or generate resources for the Company, and the costs are expected to be recovered.

The company recognizes the costs following as expenses when incurred:

- A. General and administrative costs.
- B. Costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of contract.
- C. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contract (i.e. costs that relate to past performance) and
- D. Costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the board of directors.

Contingent Liabilities and Assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES (CONTINUED)

For assets traded in an active market, fair value is determined by reference to quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment of non-financial assets

The Company assesses at each statement of financial position date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

2-3 SUMMARY SIGNIFIACNT ACCOUNTING POLICIES (CONTINUED)

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Statement of cash flows

The statement of cash flows is prepared using the indirect method.

Cash and cash equivalent

For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balances.

leases

At the commencement date of the lease contract, the Company recognize both right to control the use of the underlying assets and lease liability. In order to identify a lease, the following criteria shall be met

- (1) The Contract conveys the right to control the use.
- (2) The underlying assets shall be identified.
- (3) The contract lasts for a period of time against consideration

In assessing whether a company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, company considered all relevant facts and circumstances that create the economic incentive for the lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease.

After the commencement date, the Company measures the right of using assets at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of lease liability. As for lease liability, the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment and re-measuring the carrying amount to reflect any reassessment.

SEGMENT INFORMATION

Currently the Company's main business segment is manufacturing, trading, selling and distributing of all types of pharmaceutical and chemical products, and its related raw materials. The company's revenues during the year ended 31 March 2024 were reported under one segment in the separate financial statements.

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

3 FIXED ASSETS (Net)

	Land	Building & constructions	Machinery & equipments	Tools and Furniture	Office Equipment	Computer & Accessories	Software	Air Conditioning systems	Total
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Cost at 1/4/2022	5,508,989	21,367,162	42,577,057	4,684,655	387,062	1,359,303	241,620	4,301,680	80,427,528
Additions during the year	--	--	888,176	2,499	19,199	118,799	--	--	1,028,673
Transferred from projects in progress	--	--	--	--	--	--	--	--	--
Cost at 31/3/2023	5,508,989	21,367,162	43,465,233	4,687,154	406,261	1,478,102	241,620	4,301,680	81,456,201
Accumulated depreciation at 1/4/2022	--	5,559,366	28,045,170	2,623,037	278,680	919,839	154,075	3,430,626	41,010,793
Depreciation of the year	--	854,476	5,156,992	451,518	39,736	204,902	33,152	537,661	7,278,437
Accumulated depreciation at 31/3/2023	--	6,413,842	33,202,162	3,074,555	318,416	1,124,741	187,227	3,968,287	48,289,230
Net book value at 31/3/2023	5,508,989	14,953,320	10,263,071	1,612,599	87,845	353,361	54,393	333,393	33,166,971
Cost at 1/4/2023	5,508,989	21,367,162	43,465,233	4,687,154	406,261	1,478,102	241,620	4,301,680	81,456,201
Additions during the year	--	--	5,437,257	47,538	--	324,225	--	--	5,809,020
Cost at 31/3/2024	5,508,989	21,367,162	48,902,490	4,734,692	406,261	1,802,327	241,620	4,301,680	87,265,221
Accumulated depreciation at 1/4/2023	--	6,413,842	33,202,162	3,074,555	318,416	1,124,741	187,227	3,968,287	48,289,230
Depreciation of the year	--	854,475	3,973,187	456,942	34,236	213,422	16,518	280,191	5,828,971
Accumulated depreciation at 31/3/2024	--	7,268,317	37,175,349	3,531,497	352,652	1,338,163	203,745	4,248,478	54,118,201
Net book value at 31/3/2024	5,508,989	14,098,845	11,727,141	1,203,195	53,609	464,164	37,875	53,202	33,147,020

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

4 INTANGIBLE ASSETS

	Indefeasible right of use EGP
Cost at 1/4/2022	1,836,735
Cost at 31/3/2023	1,836,735
Accumulated amortization at 1/4/2022	--
Accumulated amortization at 31/3/2023	--
Net book value at 31/3/2023	1,836,735
Cost at 1/4/2023	1,836,735
Cost at 31/3/2024	1,836,735
Accumulated amortization at 1/4/2023	--
Amortization of the year	233,766
Accumulated amortization at 31/3/2024	233,766
Net book value at 31/3/2024	1,602,969

5 PROJECT UNDER CONSTRUCTION

	31/3/2024	31/3/2023
	EGP	EGP
Beginning balance	2,680,084	--
Additions during the year	(6,096,945)	2,680,084
Transferred to fixed assets	3,846,700	--
	429,839	2,680,084

6 INVENTORY (Net)

	31/3/2024	31/3/2023
	EGP	EGP
Raw and Packing material	29,477,354	14,850,097
Finished products	26,759,382	23,113,411
Works in process	2,364,665	325,218
Spare parts	86,631	335,638
Expired inventory	4,319,354	5,396,435
Impairment in inventory	(8,680,104)	(9,121,314)
	54,327,282	34,899,485

- The amount of write down of inventory is included in the cost of sales (note 14).

- The Movement in the impairment in value of Inventory during the year is as follows:

	31/3/2024	31/3/2023
	EGP	EGP
Beginning Balance	9,121,314	5,941,232
Charged during the year	8,851,457	3,270,677
Used during the year	(5,453,922)	(90,595)
No longer required	(3,838,745)	--
Ending Balance	8,680,104	9,121,314

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

7 TRADE AND NOTES RECEIVABLE (Net)

	31/3/2024	31/3/2023
	EGP	EGP
Trade receivables	122,919,972	22,851,108
Notes receivable	--	15,297,327
Impairment in trade receivables	(3,852,376)	(608,127)
	<u>119,067,596</u>	<u>37,540,308</u>

The movement in the impairment in value of trade and notes receivables during the year is as follows:

	31/3/2024	31/3/2023
	EGP	EGP
Beginning balance	608,127	-
Charged during the year	3,244,248	608,127
Ending Balance	<u>3,852,376</u>	<u>608,127</u>

8 PREPAYMENTS AND DEBIT BALANCES (Net)

	31/3/2024	31/3/2023
	EGP	EGP
Advances to suppliers	8,114,465	6,604,513
Egyptian Tax Authority (WHT)	13,031,644	9,528,471
Impress funds and advances	577,742	639,437
Prepared expenses	255,192	308,161
Deposits with others	343,704	55,400
Other debit balances	255,479	360,570
	<u>22,578,226</u>	<u>17,496,552</u>

The movement in the impairment in value of OTHER RECEIVABLES during the period is as follows:

	31/3/2024	31/3/2023
	EGP	EGP
Beginning balance	-	143,566
Used during the year	-	(143,566)
Ending Balance	<u>-</u>	<u>-</u>

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

9 CASH ON HAND AND AT BANK

	31/3/2024	31/3/2023
	EGP	EGP
Cash on hand	134	1,294
Cash at banks - LE	31,144,256	15,758,793
Cash at banks - foreign currencies	10,065,232	4,056
	41,209,622	15,764,143

Bank balances are denominated in the following currencies:

	31/3/2024	31/3/2023
	EGP	EGP
US Dollar (USD)	10,065,232	4,056
African Rand	--	1,160
Egyptian Pound (EGP)	31,144,256	15,758,927
	41,209,488	15,764,143

10 PROVISIONS

	Balance as of	Charged	Used	No Longer	Balance as of
	31 March 2023	during	during the	Required	31 March 2024
	EGP	the year	year	EGP	EGP
Provisions for expected claims	4,512,613	35,159	(423,718)	-	4,124,053
	4,512,613	35,159	(423,718)	-	4,124,053

	Balance as of	Charged	Used	No Longer	Balance as of
	31 March 2022	during	during the	Required	31 March 2023
	EGP	the year	year	EGP	EGP
Provisions for expected claims	5,612,606	2,116,182	(2,523,598)	(692,577)	4,512,613
	5,612,606	2,116,182	(2,523,598)	(692,577)	4,512,613

11 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	31/3/2024	31/3/2023
	EGP	EGP
Accrued expenses	17,974,112	16,101,549
Egyptian Tax Authority (Wage tax)	717,312	719,010
Egyptian Tax Authority (WHT)	337,039	111,278
National organization for social insurance	908,655	1,267,208
Medical stamp tax	409,228	166,471
Universal health insurance authority	983,403	383,273
Other credit balances	346,879	149,519
	21,676,628	18,898,308

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

12 CAPITAL

The company's authorized capital amounted to EGP 4,851,000 while the issued and paid up capital of the company amounts to EGP 4,851,000 divided over 48510 quotas of par value EGP 100 each.

	Number of quota	EGP	Percentage
Ranbaxy (Netherlands) B.V	48,460	4,846,000	99.9%
Ranbaxy (UK) limited	50	5,000	0.1%
	48,510	4,851,000	100%

According to the Extraordinary General Assembly dated 15 January 2018 the capital of the company and its distribution among partners was changed according to the following.

	Number of quota	EGP	Percentage
Sun Pharma (Netherlands) B.V	48,460	4,846,000	99.9%
Ranbaxy (UK) limited	50	5,000	0.1%
	48,510	4,851,000	100%

13 SALES (Net)

	31/3/2024	31/3/2023
	EGP	EGP
Local sales	342,604,774	157,430,032
Export sales	21,846,742	15,523,067
Sales return	(13,186,468)	(4,120,687)
Sales discount	(107,657,409)	(58,039,115)
	243,607,639	110,793,297

14 COST OF SALES

	31/3/2024	31/3/2023
	EGP	EGP
Cost of goods sold	118,353,904	43,522,205
Direct production expense	8,703,754	7,824,000
Products registration expense	1,526,297	1,294,448
Impairment in inventory	--	3,270,677
	128,583,955	55,911,330

15 OTHER OPERATING EXPENSES

	31/3/2024	31/3/2023
	EGP	EGP
Wages and salaries	7,721,867	6,270,099
Depreciation expense	5,673,183	7,100,061
Other operating expense	14,214,827	8,499,514
	27,609,877	21,869,674

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

16 INCOME TAXES

	31/3/2024	31/3/2023
	EGP	EGP
Taxable (losses)	(13,170,162)	(27,514,342)
Income tax payable	--	--

Reconciliation of effective tax rate

	31/3/2024	31/3/2023
	EGP	EGP
(Losses) before income taxes	(43,682,401)	(47,157,852)
Depreciation of fixed assets	6,062,736	3,401,018
Amortization right of use assets	602,110	602,110
Interest on lease liabilities	216,656	236,675
Provision	12,130,865	2,116,182
Unrealized foreign exchange difference	44,825,389	12,296,676
Impairment in value of account receivables	--	608,127
Write down impairment in value of inventory	--	9,292,667
Depreciation of fixed assets	(4,642,642)	--
Provision used	(5,453,922)	(250,738)
Payments for rent obligations	(716,184)	(682,082)
Realized foreign exchange difference from prior year	(19,553,146)	(1,645,833)
Provisions no longer required	(3,838,745)	(6,714,565)
Takaful Contribution	879,122	383,273
Taxable (losses)	(13,170,162)	(27,514,342)

17 Right-of-use assets:

	EGP
Cost at 1/4/2022	--
Additions during the year	3,010,552
Cost at 31/3/2023	3,010,552
Accumulated depreciation at 1/4/2022	602,110
Accumulated depreciation at 31/3/2023	602,110
Net book value at 31/3/2023	2,408,442
Cost at 1/4/2023	3,010,552
Cost at 31/3/2024	3,010,552
Accumulated depreciation at 1/4/2023	602,110
Amortization of the year	602,110
Accumulated depreciation at 31/3/2024	1,204,220
Net book value at 31/3/2024	1,806,332

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

18 Lease obligations:

	<u>EGP</u>
Balance at 1/4/2022	--
Additions during the year	3,010,552
Interest on lease liabilities	236,675
Lease payments	(682,082)
Balance at 31/3/2023	<u>2,565,145</u>
Balance at 1/4/2023	2,565,145
Interest on lease liabilities	216,656
Lease payments	(716,184)
Balance at 31/3/2024	<u>2,065,617</u>
31/3/2023	<u>EGP</u>
Long term lease obligations	2,065,617
Long term lease obligations - current portion	499,528
	<u>2,565,145</u>
31/3/2024	
Long term lease obligations	1,478,806
Long term lease obligations - current portion	586,811
	<u>2,065,617</u>

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

19 TAX SITUATION

Corporate Tax

- The company's books were inspected from inception till year 2004 and the taxes due were paid.
- No tax inspection took place for the company's records for the years from 2005 till year 31 MARCH 2024.

Salary Tax

- The company's records were inspected from inception till years 2011 and the taxes due were paid.
- No tax inspection took place for the Company's records for the years 2012 till year 31 MARCH 2024.

Sales Tax - Value Added Tax

- The company's records were inspected from inception till year 2016 and the taxes due were paid.
- No tax inspection took place for the company's records for the years from 1 April 2016 till year 31 MARCH 2024.
- The sales Tax law had been changed to value added tax law in 2016 which lead to exempting the pharmaceutical companies.

Stamp Tax

- The company's records were inspected since inception till March 2015 and the taxes due were paid
- No tax inspection took place for the company's records from April 2015 till year 31 MARCH 2024.

Property Tax

- Inspection took place for the company's records till 2021.
- The company is exempted till December 2024

20 RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related party transactions

During the year, the following were the significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties:

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

Related party balances:

	Nature of transaction	31/3/2024 EGP	31/3/2023 EGP
Sun Pharmaceutical Industries Limited (India)	Purchase of raw materials Expenses	79,219,009 --	17,459,686 --
Alkaloida Chemical Co. ZRT Rexcel company (Egypt)	Purchase of raw materials services charged Funding – Cross charge expenses	-- 642,960 800,000	35,619 642,960 919,415
Sun Pharma Netherland (loan accrued interest)	payment of outstanding interest	--	--
Sun Pharma Netherland (loan accrued interest)	outstanding interest	312,379	--

The related parties' transactions described above resulted in the following balances:

a) Related party balances:

	31/3/2024		31/3/2023	
	Due from related parties EGP	Due to related parties EGP	Due from related parties EGP	Due to related parties EGP
Rexcel Egypt	3,631,368	--	4,431,368	--
Sun Pharmaceutical Industries Limited (India)	--	149,032,290	--	35,127,017
Sun Pharmaceutical Industries Limited (Netherlands B.V)	--	312,379	--	--
Alkaloida Chemical Co. ZRT	--	55,102	--	35,816
	3,631,368	149,399,771	4,431,368	35,162,833

* A loan facility granted from Sun Pharma Netherlands B.V with a total amount of USD 6,500,000. The company received the full amount USD 6,500,000 (Equivalent to EGP 57,719,675) at the statement of financial position date (31 March 2015: USD 6,500,000 Equivalent to EGP 49,595,650). The loan bears interest at the six-monthly US Dollar LIBOR plus 250bp (2.5%) p.a. on the principal amount outstanding.

*An additional amount was received from Sun Pharma Netherlands B.V according to loan agreement dated 4th April 2016 amounted USD 3,802,000 (Equivalent to EGP 33,762,085). The loan bears interest at the three-monthly US Dollar LIBOR plus 125 bp (1.25%) p.a. on the principal amount outstanding.

*During year 2016 the above-mentioned loans had been transferred to subordinated loans. (Note 21).

21 SUBORDINATED LOAN-SHAREHOLDER

During year 2016, the company has agreed with Sun Pharma Netherlands BV (major shareholder) to transfer the balance of the loans amounted to EGP 91,481,760 (USD 10,302,000) to a subordinated loan effective from 1 October 2016.

During year 2017 the company received, another subordinated loan from Sun Pharma Netherlands BV (major shareholder) amounted to EGP 35,400,000 (USD 2,000,000)

During year 2020-2021 the company received, another subordinated loan from Sun Pharma Netherlands BV (major shareholder) amounted to EGP 61,419,840 (USD 3,900,000)

SUN PHARMA EGYPT (L.L.C.)

NOTES TO THE FINANCIAL STATEMENTS

For The year ended 31 March 2024

During year 2021-2022 the company received, another subordinated loan from Sun Pharma Netherlands BV (major shareholder) amounted to EGP 36,675,975 (USD 2,341,766)

During year 2022-2023 the company received, another subordinated loan from Sun Pharma Netherlands BV (major shareholder) amounted to EGP 4,947,822 (USD 258,233)

According to the above-mentioned loans granted from Sun Pharma Netherlands BV had been classified as equity instrument in the shareholders Equity in the financial position as a subordinated loan – share holder .

During year 2023-2024 the company received the company received 1,515,000 USD (Equivalent 46,782,905 EGP) as loan increase.

Overview

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

- a) Credit risk,
- b) Market risk, and
- c) Liquidity risk.

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.

The Company's General Manager of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Head Quarter on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

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. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Trade and notes receivables

The customer credit risk is established by the Company's policies, procedures and controls relating to customer credit risk management. Credit quality of a customer assessed based on extensive credit rating scorecard and individual

Credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual bases.

Other financial assets and cash deposits

With respect to credit risk arising from the other financial assets of the Company, which comprise mainly bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Head Quarter. The Company limits its exposure to credit risk by only placing balances with international banks and local banks of good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties

Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

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b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to foreign currency risk

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	31 March 2024		31 March 2023	
	Change in rate	Effect on profit before tax <u>EGP</u>	Change in rate	Change in rate <u>EGP</u>
USD	+10%	(15,822,548)	+10%	(2,916,882)
	-10%	15,822,548	-10%	2,916,882
EUR	+10%	(46,770)	+10%	23,977
	-10%	46,770	-10%	(23,977)
EUR	+10%	(6,572)	+10%	--
	-10%	6,572	-10%	--

c) Liquidity risk

The cash flows, funding requirements and liquidity of the Company are monitored by local Company management the cash flows, funding requirements and liquidity of the Company are monitored by local Company management supported by the headquarters The Company's objective is to maintain a balance between continuity of funding and flexibility using bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

	31 March 2024			
	Less than 3 Months	3 to 12 Months	1 to 5 years	Total
As at 31 MARCH 2023				
Trade and other payables	-	19,655,198	-	19,655,198
Provision	-	4,124,053	-	4,124,053
Accrued expense and other payable	-	21,676,628	-	21,676,628
Due to related parties	-	149,399,771	-	149,399,771
lease obligations	187,998	563,995	1,618,665	2,370,658
Total undiscounted financial liabilities	187,998	195,419,645	1,618,665	198,739,268

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	31 March 2023			Total
	Less than 3 Months	3 to 12 Months	1 to 5 years	
As at 31 MARCH 2023				
Trade and other payables	11,306,708	--	--	11,306,708
Provision	--	--	4,512,613	4,512,613
Accrued expense and other payable	--	18,898,308	--	18,898,308
Due to related parties	--	35,162,833	--	35,162,833
lease obligations	--	499,528	2,065,617	2,565,145
Total undiscounted financial liabilities	11,306,708	54,560,669	6,578,230	72,445,607