Our Ref: 3487 / A1127 / VB / KA / NA

FINANCIAL STATEMENTS OF

ZYDUS LANKA (PVT) LIMITED

FOR THE YEAR ENDED

31ST MARCH 2026

KRESTON SRI LANKA

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZYDUS LANKA (PVT) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ZYDUS LANKA (PVT) LIMITED** ("the Company") which comprise the statement of financial position as at 31 March 2026, and the statement of 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 exhibited on pages 7 to 16.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium - sized Entities.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sri Lanka Accounting Standard applicable to Small and Medium - sized Entities, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all information and explanations that were required for the audit and, as far as it appears from our examination, proper accounting records have been kept by the Company.

Kreston MNS & Co

CHARTERED ACCOUNTANTS
COLOMBO
15TH MAY 2026
VB/RW/bn
VB-Zydus Lanka (P) Ltd(2026)-C9

KRESTON MNS & CO. ★ COLOMBO ★ Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT

	Notes	31.03.2026 Rs.	31.03.2025 Rs.
ASSETS			
Non Current Assets			
Property Plant & Equipment	3	633,046	999,176
Intangible Assets	4	28,658	172,794
Deposits	5	2,327,240	2,327,240
Deferred Tax Assets	10	1,403,222	11,922,304
		4,392,166	15,421,514
Current Assets			
Inventories	6	21,972,655	1,962,467
Trade and Other Receivable	7	168,641,724	36,219,696
Income Tax Refund Due	12	-	2,977,260
Cash at Bank	8	205,706,374	144,079,171
		396,320,753	185,238,594
Total Assets		400,712,919	200,660,108
EQUITY AND LIABILITIES			
Equity			
Stated Capital - Represented by - 3,706,304 ordinary shares	9	37,063,040	37,063,040
Accumulated (Loss) / Profit		129,049,738	18,755,725
		166,112,778	55,818,765
Non Current Liabilities			
Provision for Retiring Gratuity	13	4,803,072	2,613,380
		4,803,072	2,613,380
Current Liabilities			
Trade and Other Payables	11	195,979,759	142,227,963
Income Tax Payable	12	33,817,310	-
		229,797,069	142,227,963
Total Equity & Liabilities		400,712,919	200,660,108

The Notes on Pages 7 to 16 form an integral part of these Financial Statements.

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

....
Director

The Financial Statements for the year ended 31st March 2026 were approved by the Board of Directors

1

Directors

2

15th May 2026

KRESTON MNS & CO. COLOMBO Chartered Accountants

ZYDUS LANKA (PVT) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED	Notes	31.03.2026 Rs.	31.03.2025 Rs.
Revenue	15	607,393,592	275,815,294
Cost of Sales		(300,099,536)	(137,253,277)
Gross Profit		307,294,056	138,562,017
Other Income	16	475,959	325,176
Administrative Expenses		(149,618,412)	(179,644,924)
Profit / (Loss) before Taxation	17	158,151,603	(40,757,731)
Tax Expense	18	(47,857,590)	11,826,046
Profit / (Loss) for the year		110,294,013	(28,931,685)

The Notes on Pages 7 to 16 form an integral part of these Financial Statements.

Director

The Financial Statements for the year ended 31st March 2026 were approved by the Board of Directors.

1

Directors

2

KRESTON MNS & CO.
COLOMBO
Chartered Accountants

ZYDUS LANKA (PVT) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2026

	Stated Capital Rs.	Accumulated (Loss) / Profit Rs.	Total Rs.
Balance as at 31st March 2024	37,063,040	47,687,410	84,750,450
Loss for the year	-	(28,931,685)	(28,931,685)
Balance as at 31st March 2025	37,063,040	18,755,725	55,818,765
Profit for the year	-	110,294,013	110,294,013
Balance as at 31st March 2026	37,063,040	129,049,738	166,112,778

The Notes on Pages 7 to 16 form an integral part of these Financial Statements.

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COLOMBO
Chartered Accountants

ZYDUS LANKA (PVT) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED	Notes	31.03.2026 Rs.	31.03.2025 Rs.
Profit / (Loss) before Taxation		158,151,603	(40,757,731)
Adjustments:			
Depreciation & Amortization	3,4	510,266	394,454
Provision for Gratuity	13	2,189,692	2,023,305
Operating Profit before Changes in Working Capital		160,851,561	(38,339,972)
Net Changes in Working capital			
Changes in Inventories	6	(20,010,188)	(1,962,467)
Changes in Trade & Other receivables	7	(132,422,027)	1,258,286
Changes in Trade & Other payables	11	53,751,795	94,281,942
Total Changes in Working Capital		(98,680,420)	93,577,761
Income Tax Paid	12	(543,938)	(4,654,219)
Cash Generated from Operations		61,627,203	50,583,570
Cash Flow From Investing Activities			
Acquisition of Property Plant & Equipment	3	-	-
Net Cash used in Investing Activities		-	-
Cash Flow From Financing Activities		-	-
Net Cash used in Financing Activities		-	-
Net (Decrease) / Increase in Cash & Cash Equivalents		61,627,203	50,583,570
Cash and Cash Equivalents at the Beginning of the Year		144,079,171	93,495,601
Cash and Cash Equivalents at the end of the year	8	205,706,374	144,079,171

The Notes on Pages 7 to 16 form an integral part of these Financial Statements.

KRESTON MNS & CO. COLOMBO Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 Corporate Information

Name of the Company	:	Zydus Lanka (Pvt) Ltd
Legal Form	:	A Private Limited Liability Company incorporated under the Companies Act, No. 07 of 2007 on 11.04.2011 PV 78240
Address of Registered Office	:	Level 12, Parkland Building, No. 33, Park Street, Colombo 02
Nature of the Operation	:	It carries business of Import, market, promote, distribute and sell pharmaceutical products.
Principal Shareholder	:	The entire shares of 3,706,304 have been issued to – Zydus Lifesciences Limited Zydus Corporate Park, Scheme No. 63, Survey No. 536, Khoraj (Ghandhinagar) Nr. Vaishnodevi Circle, Ahmedabad – 382481

1.2 Statement of Compliance

The Financial Statements have been prepared in accordance with the SLFRS for SMEs issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

2.1 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Company's Functional Currency. All financial information presented is in Sri Lankan Rupees.

2.2 Property, Plant & Equipment

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of Property, Plant & Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant & Equipment.

Items of Property, Plant & Equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognized.

Depreciation

Provision for depreciation was calculated by using reducing balance method on the cost of all Property, Plant & Equipment, in order to write off such amounts over the estimated useful economic life of such assets up to 31st March 2023.

The impact of the change is not material to the financial statements.

The principle annual rates of depreciation used are as follows:

Assets	**Rate**
Office & Other Equipment	20%
Furniture & Fittings	20%
Computer	20%

The Company's policy to provide depreciation on Property, Plant & Equipment from the month the assets are available for use up to the month of disposal. The useful life and residual value of assets are reviewed and adjusted if required, at the end of each financial year.

Subsequent Expenditure

The cost of replacing a part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition policy.

The costs of the day-to-day servicing of Property, Plant & Equipment are recognized in profit or loss as incurred.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Intangible Assets

Intangible assets are recorded at cost together with any incidental expenses thereon. The assets are stated at cost less accumulated amortization and accumulated impairment losses. The provision for amortization was calculated on reducing balance method on the cost of the asset in order to write-off such amount over the estimated useful economic lives of such assets upto 31st March 2023.

Effective from 1 April 2025, the Company has revised useful life of intangible assets. Intangible assets are now amortized over a useful life of four years.

The principle annual rate of amortization used is as follows:

Assets	**Rate**
Software	25%

2.4 Income Tax

Income Tax has been computed in accordance with the Provisions of Inland Revenue Act No. 24 of 2017 and amendments thereto.

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those claims from and /or obligations to the Department of Inland Revenue relating to current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the Financial Statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

Current tax assets and liabilities, or deferred tax assets and liabilities, are offset only when the Company has a legally enforceable right to offset the amounts and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

2.5 Cash and cash equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits with bank where the original maturity is less than three months and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Cash Flow Statement has been prepared using indirect method.

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.6 Liabilities and Provisions

All known liabilities have been provided while preparing the Financial Statements.

2.6.1 Provision for Retiring Gratuity

Gratuity is Defined Benefit Plan. In order to meet this liability, a provision is carried forward in the Statement of financial position. The Provision is calculated in accordance with the payment of gratuity Act No. 12 of 1983 which is at the rate of half months gross salary applicable for the last month of financial year, for each year of completed service.

However, as per the payment of gratuity Act No.12 of 1983, the liability arises only upon the completion of five years of continuous service.

2.6.2 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the Reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

2.7 Financial Instruments

(a) Financial Assets

Deposits, Cash & Cash Equivalents and Trade and Other Receivables

These financial assets are recognized initially at the transaction price.

At the end of each reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

(b) Financial Liabilities

The Company's financial liabilities include trade and other payables. Financial liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

2.8 Stated Capital

The total amount received by the Company or due and payable to the Company in respect of the issue of shares are referred to as "Stated Capital".

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.9 Inventories

Inventories are valued at the lower of cost and net realizable value after making due allowances for obsolete and slow moving items. Net realizable value is the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition, are accounted for as follows;

Finished Goods - On weighted average cost.

2.10 Income Statement

2.10.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue from sales is based on the price in the sales contracts, net of discounts and sales taxes. The following specific criteria are used for recognition of revenue.

(a) Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the Company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

(b) Other Income

Other income is recognized when no significant uncertainty as to its determination or realization exists.

(c) Foreign Currency Translation

Foreign currency transactions are translated into the functional currency (LKR) using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

2.10.2 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

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COLOMBO
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 3 - PROPERTY PLANT & EQUIPMENT

Cost	Balance as at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2026 Rs.
Furniture & Fittings	101,500	-	-	101,500
Computers	814,300	-	-	814,300
Office Equipments	1,207,450	-	-	1,207,450
	2,123,250	-	-	2,123,250

Depreciation	Balance as at 01.04.2025 Rs.	Charge for the year Rs.	Depreciation on disposals Rs.	Balance as at 31.03.2026 Rs.
Furniture & Fittings	101,500	-	-	101,500
Computers	448,817	132,500	-	581,317
Office Equipments	573,757	233,630	-	807,387
	1,124,074	366,130	-	1,490,204

Written Down Value	Balance as at 31.03.2026 Rs.	Balance as at 31.03.2025 Rs.
Furniture & Fittings	-	-
Computers	232,983	365,483
Office Equipments	400,063	633,693
	633,046	999,176

NOTE 4 - INTANGIBLE ASSETS

Cost	Balance as at 01.04.2025 Rs.	Additions Rs.	Balance as at 31.03.2026 Rs.
Software	196,510	-	196,510
	196,510	-	196,510

Depreciation	Balance as at 01.04.2025 Rs.	Charge for the year Rs.	Balance as at 31.03.2026 Rs.
Software	23,716	144,136	167,852
	23,716	144,136	167,852

Written Down Value	Balance as at 31.03.2026 Rs.	Balance as at 31.03.2025 Rs.
Software	28,658	172,794
	28,658	172,794

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	31.03.2026 Rs.	31.03.2025 Rs.
NOTE 5 - DEPOSITS		
Security Deposit	2,327,240	2,327,240
	2,327,240	2,327,240
NOTE 6 - INVENTORIES		
Finished Goods	3,819,456	1,962,467
Good In Transit	18,153,199	-
	21,972,655	1,962,467
NOTE 7 - TRADE AND OTHER RECEIVABLE		
Finanacial Asset		
Trade Debtors	163,691,967	28,362,882
Other Receivables	965,315	4,181,398
	164,657,282	32,544,280
Non Finanacial Asset		
Prepaid Expenses	1,480,235	1,450,943
Advances to Employee	-	25,000
Other Advances	2,504,207	2,199,473
	3,984,442	3,675,416
	168,641,724	36,219,696
NOTE 8 - CASH AND CASH EQUIVALENT		
Balance with Bank	205,706,374	144,079,171
	205,706,374	144,079,171
NOTE 9 - STATED CAPITAL		
Number of Ordinary Shares Issued & Fully Paid		
Balance on 01st April	3,706,304	3,706,304
Shares issued during the year	-	-
Balance on 31st March	3,706,304	3,706,304
Stated Capital		
Balance on 01st April	37,063,040	37,063,040
Shares Issued during the year	-	-
Balance on 31st March	37,063,040	37,063,040

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 10 - DEFERRED TAXATION (ASSET)/LIABILITY

	31.03.2026 Rs.	31.03.2025 Rs.
Balance on 1st April	(11,922,304)	(96,258)
Deferred Tax Charged / (Reversed) to the Income Statement	10,519,082	(11,826,046)
Deferred Tax Charged to Other Comprehensive Income	-	-
Balance on 31st March	(1,403,222)	(11,922,304)

Deferred tax asset, liability related to following.

	31.03.2026 Rs.	31.03.2025 Rs.
Deferred Tax Liability		
Accelerated depreciation for tax purpose	37,700	77,993
Deferred Tax Asset		
Retirement Benefit Obligation	(1,440,922)	(784,014)
Tax Losses	-	(11,216,283)
Net deferred tax liability / (asset)	(1,403,222)	(11,922,304)

NOTE 11 - TRADE AND OTHER PAYABLES

	31.03.2026 Rs.	31.03.2025 Rs.
Financial Liabilities		
Audit Fees Payable	383,000	319,000
Director Fees Payable	78,750	60,000
Professional Fee Payable	467,000	110,400
Trade Payable	43,263,321	91,890,072
Other Payable	148,854,252	47,501,646
	193,046,323	139,881,118
Non Financial Liabilities		
WHT Tax Payable	429,229	147,347
EPF Payable	969,455	795,160
ETF Payable	145,418	119,275
Stamp Duty Payable	-	775
Employee Tax Payable APIT	1,389,334	1,284,288
	195,979,759	142,227,963

NOTE 12 - INCOME TAX PAYABLE / (REFUND DUE)

	31.03.2026 Rs.	31.03.2025 Rs.
Balance on 1st April	(2,977,260)	1,676,959
Provision for the year	37,338,508	-
	34,361,248	1,676,959
Less : Withholding Tax Paid		-
Income Tax Paid	(543,938)	(4,654,219)
Balance on 31st March	33,817,310	(2,977,260)

NOTE 13 - PROVISION FOR RETIRING GRATUITY

	31.03.2026 Rs.	31.03.2025 Rs.
Balance at the beginning of the year	2,613,380	590,075
Provision for the year	2,189,692	2,023,305
Payments made during the Year	-	-
Balance at the end of the year	4,803,072	2,613,380

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 14 - FINANCIAL ASSETS & FINANCIAL LIABILITIES

	31.03.2026 Rs.	31.03.2025 Rs.
Financial Assets carried at amortised cost		
Security Deposit (Note 5)	2,327,240	2,327,240
Trade & Other Receivables (Note 7)	164,657,282	32,544,280
Cash & Cash Equivalents (Note 8)	205,706,374	144,079,171
	372,690,896	178,950,691
Financial Liabilities carried at amortised cost		
Trade and Other Payables (Note 11)	193,046,323	139,881,118
	193,046,323	139,881,118

NOTE 15 - REVENUE

Sales of pharmaceutical products	607,393,592	275,815,294
	607,393,592	275,815,294

NOTE 16 - OTHER INCOME

Exchange Gain	475,959	325,176
	475,959	325,176

NOTE 17 - PROFIT BEFORE TAXATION

Stated after charging all expenses including the following:

Salary and Other Benefits	71,986,978	56,204,220
Gratuity Expense	2,189,692	2,023,305
Legal & Professional Fees	8,561,586	6,855,982
Audit Fees	383,000	319,000
Depreciation	366,130	384,628
Amortization	144,136	9,826
Royalty Expense	13,966,949	11,010,967
Rent Expense	15,267,977	12,870,260
Director Fees	773,139	880,504

NOTE 18 - TAXATION

Provision for the year	37,338,508	-
Transfer to / (from) Deferred Taxation	10,519,082	(11,826,046)
	47,857,590	(11,826,046)

The Company is liable to income tax at 30% (2025/2026 - 30%) on taxable income.

KRESTON MNS & CO.
COLOMBO
Chartered Accountants

ZYDUS LANKA (PVT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 19 - EVENTS AFTER THE REPORTING DATE

There has been no material event which occurred after the reporting date that requires adjustment to or disclosure in the Financial Statements.

NOTE 20 - CONTINGENT LIABILITIES & ASSETS

There were no material contingent liabilities and assets outstanding as at the date of the reporting except the below:-

The Company is currently involved in an ongoing legal case in relation to one of its products, namely "Zydopa", where the claimant has alleged that the product is similar to a competing product. The claimant has sought damages amounting to LKR 50,000,000 and has also requested restrictions on the Company's ability to sell products under the relevant trademark.

Based on the advice of the Company's legal counsel and the assessment made by the Board of Directors, the Company is of the view that the outcome of the case is likely to be favourable to the Company. Accordingly, no provision has been recognised in these financial statements in respect of this matter. However, as the legal proceedings are ongoing as at the reporting date, the matter has been disclosed as a contingent liability.

NOTE 21 - CAPITAL COMMITMENTS

There were no capital expenditure commitments approved as at 31st March 2026 in respect of the Company.

NOTE 22 - RELATED PARTY TRANSACTIONS

(a) The Company has entered into the following transactions with its Parent Company during the year.

			Transactions value				Balance			
Name of the Company	**Relationship**	**Details of Transactions**	**2026 Rs.**		**2025 Rs.**		**31.03.2026 Rs.**		**31.03.2025 Rs.**	
	Parent	Receivable balance	-		-		965,315	Dr	4,181,398	Dr
		Reimbursement of Expenses	2,572,967	Dr	5,785,196	Dr	-		-	
		Royalty Expenses	13,966,949	Cr	11,010,968	Cr	-		-	
		Net Payments	11,920,306	Dr	7,575,480	Dr	-		-	
Zydus Lifesciences Limited		Exchange Gain or Loss	223,767	Dr	-		-		-	
		Purchases	32,988,967	Cr	-		-		-	
		Royalty Payable balance	-		-		7,568,371	Cr	223,927	Cr
		Trade Payable balance	-		-		18,153,200	Cr	-	
		Other Payable balance	-		-		3,525,149	Cr	-	

(b) Transaction with Key Managerial Persons

Key Managerial Persons are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the entity.

Transactions with the key managerial persons during the year was as follows.

			2025/2026 Rs.	2024/2025 Rs.
Ms.Anusha Wijesekara	Director	Director Fees	773,139	880,504

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SCHEDULES

SCH 1 - COST OF SALES

	31.03.2026 Rs.	31.03.2025 Rs.
Inventory at the beginning of the year	1,962,467	-
Purchases	246,590,036	97,399,984
	248,552,503	97,399,984
Inventory at the end of the year	(21,972,655)	(1,962,467)
Consumption during the year	226,579,848	95,437,517
Production Related Expenses (Contract Manufacturing)	73,519,688	41,815,760
Cost of Sales	300,099,536	137,253,277

SCH 2 - ADMINISTRATIVE EXPENSES

	31.03.2026 Rs.	31.03.2025 Rs.
Salary and Other Benefits	71,986,978	56,204,220
Gratuity Expense	2,189,692	2,023,305
Bank Charges & Commission	49,165	60,177
Legal & Professional Fees	8,561,586	6,855,982
Audit Fees	383,000	319,000
Tax Fees	103,500	75,900
Tax Fees - Previous Year Under Provision	14,100	-
Product Registration Expenses	1,266,747	459,475
Royalty Expense	13,966,949	11,010,967
Rent Expense	15,267,977	12,870,260
Miscellaneous Expense	4,924,362	8,166,922
Depreciation - Computers	132,500	150,998
Office Equipment	233,630	233,630
Software maintenance charges	392,000	372,385
Amortization on intangible assets	144,136	9,826
Clinical Trail Expenses	940,000	39,299
Medical Expenses	685,856	272,982
Director Fees	773,139	880,504
Research and Development cost	15,656,563	74,779,938
Sales Promotion Expenses	3,689,142	1,413,899
Tender Commission Expense	5,160,000	-
Travelling Expenses	3,097,390	3,445,255
	149,618,412	179,644,924

Figures of previous reporting year have been reclassified to confirm to current year's classification.

SCH 3 - TRADE PAYABLE

	31.03.2026 Rs.	31.03.2025 Rs.
Celogen Lanka Private Limited	20,987,894	82,892,872
Lina Manufacturing (Pvt.) Ltd	3,510,000	8,997,200
Sunshine Healthcare Lanka Ltd	612,228	-
Zydus Lifesciences Limited	18,153,199	-
	43,263,321	91,890,072

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SCH 4 - OTHER PAYABLE

	31.03.2026 Rs.	31.03.2025 Rs.
Other Creditors	4,665,518	738,080
Provision for Expenses	607,031	25,000
Provision for Profit Sharing	120,007,202	46,487,514
Provision Warehouse Rent	43,400	27,125
Provision for Royalty	4,349,389	223,927
Devalopment Cost Payable	15,656,563	-
Service Fee Payable for Zydus Lifesciences Limited	3,525,149	-
	148,854,252	47,501,646