

SUN LABORATORIES FZE

Financial Statements

31 March 2025

SUN LABORATORIES FZE

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31 March 2025

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SUN LABORATORIES FZE Directors' Report

The Directors submit their report, together with the audited financial statements of SUN LABORATORIES FZE (the "establishment"), for the year ended 31 March 2025.

Results and appropriations

The results of the establishment and the appropriations made for the year ended 31 March 2025 are set out on pages 5 and 6 of the financial statements.

In our opinion, the financial statements set out on page 4 to 26 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 March 2025, and the financial performance, changes in equity and cash flows of the establishment for the year then ended in accordance with the International Financial Reporting Standards and applicable requirements of the Sharjah Airport International Free Zone Authority. At the date of the financial statement, there are reasonable grounds to believe that the establishment will be able to pay its debts as and when they fall due.

Review of the business

During the year, the establishment has carried out the activity of distribution and marketing of pharmaceutical products manufactured by the ultimate parent company and supplying to the emerging market and to an overseas related party.

Events since the end of the year

There were no important events which have occurred since the year-end that materially affect the establishment.

Directors

The directors of the establishment who served during the year, appointed by the parent company, were as follows:

Mr. Surendra Manishanker Joshi
Mr. Kavan Bhaskarkumar Modi
Mr. Shailesh Simon Parmar

Shareholder and its interest

The shareholder as at 31 March 2025 and its interest as at that date in the share capital of the establishment was as under:

	<i>Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>USD</i>
Sun Pharma Holdings	Mauritius	<u>300</u>	<u>45,000,000</u>	<u>12,251,565</u>

Independent auditor

A resolution to re-appoint the auditor and fix the remuneration will be put to the board at the annual general meeting.

On behalf of the board:

Kavan Bhaskarkumar Modi
DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SUN LABORATORIES FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SUN LABORATORIES FZE** (the “establishment”), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements including material accounting policy information.

In our opinion, the accompanying the financial statements present fairly, in all material respects, the financial position of the establishment as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (“IESBA” Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and implementing regulations of Sharjah Airport International Free Zone Authority, 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 establishment 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 establishment or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the establishment's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SUN LABORATORIES FZE***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

- 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 establishment'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 establishment'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 establishment 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

Also, in our opinion, the establishment has maintained proper books of accounts, and the financial statements are in agreement with the books of account. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the regulation issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995 or the Articles of Association of the establishment which might have materially affected the financial position of the establishment or its financial performance.

Signed by:

C. D. Shah

Partner

Registration No: 677

Shah & Alshamali Associates Chartered Accountants

14 May 2025

Dubai, United Arab Emirates

SUN LABORATORIES FZE

Statement of Financial Position
as at 31 March 2025

	<i>Notes</i>	<i>2025 USD</i>	<i>2024 USD</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	346	1,357
Intangible asset	6	-	14,256,282
Financial assets at fair value through OCI	7	10	11,649,613
Long term loans	8	-	-
		<u>356</u>	<u>25,907,252</u>
Current assets			
Financial assets at fair value through OCI	7	-	40,240,596
Trade receivables	9	40,368,578	56,962,959
Advances, deposits and other receivables	10	335,617	1,153,779
Prepayments		23,406	25,200
Cash and bank balances	11	15,125,258	26,668,680
		<u>55,852,859</u>	<u>125,051,214</u>
Total assets		<u>55,853,215</u>	<u>150,958,466</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	12,251,565	12,251,565
Retained earnings / (accumulated losses)		8,622,676	(23,813,696)
Cumulative changes in fair value through OCI		-	799,253
Total equity funds / (deficit)		<u>20,874,241</u>	<u>(10,762,878)</u>
Liabilities			
Non-current liabilities			
Staff end of service gratuity	13	59,629	71,818
Long term loan	14	15,000,000	51,500,000
		<u>15,059,629</u>	<u>51,571,818</u>
Current liabilities			
Term loan	15	-	62,500,000
Trade payables	16	18,006,433	41,920,276
Other payables, provisions and accruals	17	1,912,912	5,729,250
		<u>19,919,345</u>	<u>110,149,526</u>
Total liabilities		<u>34,978,974</u>	<u>161,721,344</u>
Total equity and liabilities		<u>55,853,215</u>	<u>150,958,466</u>

The notes on pages 8 to 26 form an integral part of these financial statements.

On behalf of the board:

Kavan Bhaskarkumar Modi
DIRECTOR

SUN LABORATORIES FZE**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2025**

	<i>Notes</i>	<i>2025 USD</i>	<i>2024 USD</i>
Sales	18	144,786,428	137,805,048
Cost of sales	19	<u>(109,459,937)</u>	<u>(131,055,586)</u>
Gross profit		35,326,491	6,749,462
Other income	20	3,316,598	3,331,587
Expenses			
Directors' remuneration and expenses		(200,554)	(224,767)
Selling, promotional and other expenses	21	(4,045,881)	(2,685,466)
Net foreign exchange gain / (loss)		75,642	(29,840)
Provision for expected credit losses	9	(40,884)	-
Bad debts		-	(37,057)
Depreciation		(1,011)	(1,011)
Finance costs	14 & 15	<u>(3,335,253)</u>	<u>(7,136,855)</u>
Total expenses		<u>(7,547,941)</u>	<u>(10,114,996)</u>
Profit / (loss) for the year before tax		31,095,148	(33,947)
Income tax expense	22	<u>-</u>	<u>-</u>
Profit / (loss) for the year		<u>31,095,148</u>	<u>(33,947)</u>
Other comprehensive income / (loss):			
Items that will be reclassified subsequently to profit or loss		702,746	4,132,263
Items that will not be reclassified subsequently to profit or loss		<u>(160,775)</u>	<u>13,177,568</u>
Total comprehensive income for the year		<u>31,637,119</u>	<u>17,275,884</u>

The notes on pages 8 to 26 form an integral part of these financial statements.

On behalf of the board:

Kavan Bhaskarkumar Modi
DIRECTOR

SUN LABORATORIES FZE

Statement of Changes in Equity
for the year ended 31 March 2025

	<i>Share capital USD</i>	<i>(Accumulated losses) / retained earnings USD</i>	<i>Cumulative changes in fair value through OCI USD</i>	<i>Total USD</i>
As at 31 March 2023	12,251,565	(25,587,254)	(14,703,073)	(28,038,762)
Transfer to retained earnings	-	1,807,505	(1,807,505)	-
Loss for the year		(33,947)	-	(33,947)
Other comprehensive income	<u>-</u>	<u>-</u>	<u>17,309,831</u>	<u>17,309,831</u>
As at 31 March 2024	12,251,565	(23,813,696)	799,253	(10,762,878)
Transfer to retained earnings	-	1,341,224	(1,341,224)	-
Profit for the year	-	31,095,148	-	31,095,148
Other comprehensive income	<u>-</u>	<u>-</u>	<u>541,971</u>	<u>541,971</u>
As at 31 March 2025	<u>12,251,565</u>	<u>8,662,676</u>	<u>-</u>	<u>20,874,241</u>

The notes on pages 8 to 26 form an integral part of these financial statements.

On behalf of the board:

Kavan Bhaskarkumar Modi
DIRECTOR

SUN LABORATORIES FZE

Statement of Cash Flows
for the year ended 31 March 2025

	<i>Notes</i>	2025 <u>USD</u>	2024 <u>USD</u>
<u>Cash flows from operating activities</u>			
Profit / (loss) for the year		31,095,148	(33,947)
Adjustments for:			
Finance costs		3,335,253	7,136,855
Interest income	20	(2,231,608)	(2,794,915)
Gain on sale of debt instruments		(1,061,141)	(254,672)
Provision for staff end of service gratuity	13	11,557	10,903
Provision for expected credit losses		40,884	-
Bad debts		-	37,057
Depreciation	5	1,011	1,011
Amortisation	6	14,256,282	32,853,580
Operating profit before working capital changes		45,447,386	36,955,872
(Increase) / decrease in trade, other receivables and prepayments		16,662,407	(15,423,923)
Increase / (decrease) in trade and other payables, provisions and accruals		(26,300,104)	(10,632,576)
Cash generated from / (used in) operations		35,809,689	10,899,373
Staff end of service gratuity paid		(23,746)	-
Net cash from / (used in) operating activities		35,785,943	10,899,373
<u>Cash flows from investing activities</u>			
Interest income received		2,942,654	2,064,100
Proceeds from redemption of debt instruments		46,254,000	846,000
Proceeds from sale of equity instruments		7,239,311	9,764,856
Net cash from / (used in) investing activities		56,435,965	12,674,956
<u>Cash flows from financing activities</u>			
Receipt / (repayment) of long-term loan		(36,500,000)	12,519,520
Finance cost paid		(4,765,330)	(5,346,700)
Term loan repaid (net)		(62,500,000)	(15,166,813)
Net cash from/ (used in) financing activities		(103,765,330)	(7,993,993)
Net increase / (decrease) in cash and cash equivalents		(11,543,422)	15,580,336
Cash and cash equivalents at the beginning of the year		26,668,680	11,088,344
Cash and cash equivalents at the end of the year	11	15,125,258	26,668,680

The notes on pages 8 to 26 form an integral part of these financial statements.

On behalf of the board:

Kavan Bhaskarkumar Modi
DIRECTOR

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****1. Legal status and activity**

SUN LABORATORIES FZE (the “establishment”) is a limited liability establishment incorporated on 13 March 2011 in Sharjah Airport International Free Zone, Sharjah, United Arab Emirates pursuant to Emiri Decree No. 2 of 1995 and in accordance with the implementation procedures of the free zone establishment. The registered address of the establishment is SAIF Office R5 – 30/B, P. O. Box 7818, Sharjah, United Arab Emirates.

The establishment is a wholly owned subsidiary of **SUN PHARMA HOLDINGS**, Mauritius. The ultimate parent company is **SUN PHARMACEUTICAL INDUSTRIES LIMITED**, India.

The establishment is operating under commercial license number 09137 with general trading as its licensed activity. However, the establishment and related party is engaged in distribution and marketing of pharmaceutical products to the overseas customers in the designated territories. The establishment has engaged services of marketing executives overseas to distribute and market the products in the designated territories.

2. Basis of preparation*Statement of compliance*

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Sharjah Airport International Free Zone Authority.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial and non-financial instruments that are measured at fair values at the end of each reporting period.

Functional and presentation currency

The financial statements have been presented in US Dollars (USD), being the functional and presentation currency of the establishment.

Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values.

Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Basis of preparation (cont'd)*****Application of new and revised International Financial Reporting Standards (IFRSs)****New and amended standards adopted by the establishment*

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2024, have been adopted in these financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

	Effective for annual periods beginning on or after
Classification of Liabilities as Current or Non-current and Noncurrent liabilities with Covenants – Amendments to IAS 1	1 January 2024
Lease liability in sale and leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

New standards, amendments and interpretations not yet adopted

	Effective for annual periods beginning on or after
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	1 January 2027

The establishment is currently assessing the impact of these standards and amendments on future financial statements and intends to adopt these, as applicable, when they become effective.

3. Material accounting policy information

The accounting policies, which are consistent with those used in the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

Current versus non-current classification

The establishment presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Material accounting policy information (cont'd)****Current versus non-current classification (cont'd)**

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The establishment classifies all other liabilities as non-current.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using straight-line method over their estimated useful lives of 3 years. The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of recoverable amount. Where carrying amounts exceeds the recoverable amount, property, plant and equipment are written down to their recoverable amount.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses, if any. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset they relate.

Contractual rights acquired are amortized over the period of the contract or any other extended period in proportion to the annual value of the products supplied from the vendor. This contractual right imparts identifiability and control to the establishment to obtain future economic benefits over the period or any extended period of the contract in the form of cost savings from sourcing products.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets are de-recognized either on their disposal or where no future economic benefits are expected from their use.

Gain or loss arising on such de-recognition is recognized in the statement of profit or loss and other comprehensive income and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Material accounting policy information (cont'd)****Financial instruments (cont'd)**

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the establishment's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

a. Financial assets at amortized cost

Financial assets at amortized cost are those financial assets for which:

- the establishment's business model is to hold them in order to collect contractual cash flows and;
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The establishment's financial assets at amortized cost comprise long-term loans, trade and other receivables and cash and bank balances.

Loans receivable

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans receivable is subsequently measured at amortized cost using the effective interest method, less any impairment.

Trade receivables

Trade receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

Other current financial assets

Other current financial assets represent advances, accrued interest and refundable deposit.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Material accounting policy information (cont'd)****Financial instruments (cont'd)***Cash and bank balances*

Cash and bank balances comprise bank balance in current accounts and short-term deposit with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

b. Financial assets at fair value through OCI*Debt instruments*

The establishment measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to the profit or loss. The establishment classified its investment in bonds as financial assets at fair value through OCI.

Equity instruments

Upon initial recognition, the establishment can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the establishment benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Impairment losses and any reversal of impairment losses on equity investments measured at fair value through OCI are not reported separately from other changes in fair value.

The establishment designated all its equity instruments under financial assets at fair value through OCI classification.

Impairment of financial assets

The establishment recognizes an allowance for expected credit losses (ECLs) on its financial assets. ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Material accounting policy information (cont'd)*****Impairment of financial assets (cont'd)***

- Lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For trade receivables, the establishment applies a simplified approach in calculating ECLs. Therefore, the establishment doesn't track changes in credit risk, but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. Loss allowance is based on the establishment's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For quoted debt investment, the establishment applies the low credit risk simplification. At every reporting date, the establishment evaluates whether the debt investment is considered to have low credit risk using all reasonable and supportable information that is available. In making that evaluation, the establishment reassess the internal credit rating of the debt investment.

Fair value measurement

For investments traded in organized financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Equity instruments that are not traded in an active market and whose fair value cannot be reliably measured are accounted for at cost less any identified impairment losses at the end of each reporting period. Impairment loss has been recognized in the statement of profit or loss and other comprehensive income for equity investments during the year.

For all other financial assets, the establishment recognizes Lifetime ECLs when there has been a significant increase in credit risk since initial recognition.

If, on the other hand, the credit risk on the financial assets has not increased significantly since initial recognition, the establishment measures the loss allowance for that financial asset at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

Financial liabilities

The establishment's financial liabilities comprise long term loan, term loan and trade and other payables.

Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether invoiced by the supplier or not.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Material accounting policy information (cont'd)****Employee benefits**

A provision is made for the estimated liability for employees' entitlements to annual leave and related benefits as a result of services rendered by employees up to the statement of financial position date. Provision is also made for the end of service gratuity due to employees in accordance with the U.A.E. Labour Law, for their period of service up to the statement of financial position date. The provision related to annual leave and related benefits is disclosed as a current liability, while that related to end of service gratuity is disclosed as a non-current liability.

Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for:

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the establishment; or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

Income taxes

The tax expense or credit for the year comprises current and deferred tax.

Current tax

The establishment recognizes income tax expense based on taxable profit for the period. Taxable profit differs from accounting profit due to temporary differences between the accounting treatment of income and expenses and their respective tax bases. The establishment is subject to Corporate Tax in accordance with the provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "U.A.E. Corporate Tax Law") and related regulations.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. Deferred tax assets and liabilities are measured using the tax rates expected to apply when the temporary differences reverse. The establishment recognizes deferred tax assets only to the extent that it is probable that taxable profits will be available against which these temporary differences can be utilized, in line with the IFRSs and relevant provisions of the U.A.E. Corporate Tax Law.

Top-up Tax

On 2 October 2023, the U.A.E. Ministry of Finance ("MOF") issued Federal Decree Law No. 60 of 2023 amending certain provisions of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law"), to implement a new Top-up Tax on Multinational Enterprises ("MNE") in the U.A.E.

SUN LABORATORIES FZE**Notes to the Financial Statements**
*for the year ended 31 March 2025***Material accounting policy information (cont'd)****Top-up Tax (cont'd)**

Generally, Multinational Enterprises will be subject to a Top-up Tax at an effective rate of 15%. All cases, provisions, conditions, rules, controls, and procedures for imposing the Top-up Tax and the exemptions therefrom are yet to be determined by a Cabinet Decision.

MOF launched a public consultation on the 14 March 2024 in relation to the Global Anti-Base Erosion Model ("GloBe rules") aiming at assessing interactions with the U.A.E.'s corporate tax system, ways to minimize compliance costs, while exploring the policy options for potential implementation of the Income Inclusion Rule ("IIR"), Undertaxed Profits Rule ("UTPR") and a Domestic Minimum Top-up Tax ("DMTT").

The establishment is monitoring any upcoming regulation in relation to the GloBe rules in the different jurisdictions where it is present and is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

Value Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Federal Tax Authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the Federal Tax Authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

The establishment recognizes revenue from contracts with customers based on the five-step model set out in IFRS 15:

- Step 1: Identify the contract(s) with the customer
- Step 2: Identify the performance obligation in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the establishment satisfies a performance obligation

The establishment satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the establishment's performance as and when the establishment performs; or
- The establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The establishment's performance does not create an asset with an alternative use to the establishment and the establishment has an enforceable right to payment for performance completed to date.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Material accounting policy information (cont'd)****Revenue recognition (cont'd)**

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which performance obligation is satisfied.

Sale of products

Revenue from sale of products is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the establishment expects to be entitled in exchange for those goods or services. Revenue is stated net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

Interest income

Revenue from interest income is recognized on a time-proportion basis using the effective interest method.

Other income

Other income is recognized as per the contractual agreement.

Foreign currency transactions

Transactions in currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in other than US Dollars are translated into USD at the rate of exchange ruling at the statement of financial position date. Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

4. Significant judgments employed in applying accounting policies and key sources of estimation uncertainty**4.1 Significant judgments employed**

The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment of non-financial assets

The establishment assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the establishment estimates the asset's recoverable amount which is the higher of fair value less costs to sell and value in use.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Significant judgments employed (cont'd)****Significant increase in credit risk**

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the establishment takes into account qualitative and quantitative reasonable and supportable forward-looking information. As at the date of statement of financial position, management believes that the recoverability of its trade receivables are certain, and no provision is required in the accounts.

Election as Qualifying Freezone Person

The establishment has elected to avail the benefit of Free Zone Person under the provisions of the Federal Decree – Law No. 47 of 2022 on the Taxation of Corporations and Businesses (“the CT Law”), specifically those designed for qualifying free zone person, under Article 18 of the CT Law, subject to satisfying the conditions mentioned therein. The establishment qualifies for tax benefits of zero tax liabilities on the qualifying income. The effect of current income tax and deferred tax is accounted considering the conditions mentioned in Article 18 of the CT Law, Ministerial decision and Cabinet Decision issued by the Federal Tax Authority.

4.2 Key sources of estimation uncertainty

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Useful lives of assets

The useful lives of the establishment’s assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of establishment’s intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the establishment’s assets. In addition, the estimation of the useful lives is based on the establishment’s collective assessment of industry practice, internal technical evaluation and experience with similar assets.

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the establishment and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable.

Staff end of service gratuity

The establishment computes provision for the liability to staff end of service gratuity assuming that all employees were to leave as of the reporting date.

SUN LABORATORIES FZE

Notes to the Financial Statements
for the year ended 31 March 2025

Key sources of estimation uncertainty (cont'd)

Income taxes

The establishment's current tax provision of USD Nil (*previous year USD Nil*) relates to management's assessment of tax liabilities on open positions, based on current interpretations of CT Law and applicable guidance.

	<i>Computers</i> <u>USD</u>
5. Property, plant and equipment	
Cost	
As at 01.04.2024	<u>3,033</u>
As at 31.03.2025	<u>3,033</u>
Accumulated depreciation	
As at 01.04.2024	1,676
Charge for the year	<u>1,011</u>
As at 31.03.2025	<u>2,687</u>
Net book value	
As at 31.03.2025	<u>346</u>
As at 31.03.2024	<u>1,357</u>
6. Intangible asset	
Cost / valuation	
As at 01.04.2024	<u>291,837,736</u>
As at 31.03.2025	<u>291,837,736</u>
Accumulated amortization	
As at 01.04.2024	277,581,454
Charge for the year [^]	<u>14,256,282</u>
As at 31.03.2025	<u>291,837,736</u>
Net book value	
As at 31.03.2025	<u>-</u>
As at 31.03.2024	<u>14,256,282</u>

**This represents the contractual rights, along with its related assets and liabilities, to purchase pharmaceutical generic products at a discount from the ultimate parent company in March 2019, at a valuation made by an independent valuer.*

[^] Charged to cost of sales.

SUN LABORATORIES FZE

Notes to the Financial Statements
for the year ended 31 March 2025

	<u>2025</u> <u>USD</u>	<u>2024</u> <u>USD</u>
7. Financial assets at fair value through OCI		
Equity instruments		
<i>Quoted shares</i>		
Amneal Pharmaceuticals Inc., United States of America # 1,221,138 ordinary shares (previous year 2,868,623 ordinary shares)	-	7,400,096
<i>Unquoted shares</i>		
Ranbaxy (Thailand) Co. Ltd, Thailand (3 ordinary shares of Baht 100 each)	10	10
Debt instruments		
<i>Investment in bonds: *</i>		
Vedanta Resources Plc – 13.875% (previously 6.125%) Regd. Notes maturing 9 December 2028 (previously 9 August 2024)	-	11,649,603
ONGC Videsh Ltd – 4.625% Regd. Notes maturing 15 July 2024	-	15,940,800
NTPC Ltd – 4.375% Regd. Euro Medium- Term Notes maturing 26 November 2024	-	9,902,500
State Bank of India – 4.875% Regd. Notes maturing 17 April 2024	-	6,997,200
	<u>10</u>	<u>51,890,209</u>

The financial assets at fair value through OCI as of the statement of the financial position date have been classified as follows:

	<u>Current</u>	<u>Non-current</u>
Equity instruments		
Ranbaxy (Thailand) Co. Ltd, Thailand	-	10
	<u>-</u>	<u>10</u>

A reconciliation of the carrying amount of investment in Amneal Pharmaceuticals Inc is set out below:

	<u>2025</u> <u>USD</u>	<u>2024</u> <u>USD</u>
As at 1 April	7,400,096	3,987,386
Sold during the year	(7,400,096)	(9,764,858)
Changes in fair value	-	13,177,568
As at 31 March	<u>-</u>	<u>7,400,096</u>

* A reconciliation of the carrying amount of investment in bonds is set out below:

	<u>2025</u> <u>USD</u>	<u>2024</u> <u>USD</u>
As at 1 April	44,490,103	40,949,167
Redemption during the year	(44,490,103)	(591,327)
Changes in fair value	-	4,132,263
As at 31 March	<u>-</u>	<u>44,490,103</u>

SUN LABORATORIES FZE

Notes to the Financial Statements
for the year ended 31 March 2025

	<u>2025</u> <u>USD</u>	<u>2024</u> <u>USD</u>
8. Long term loans		
Long term loans *	1,167,135	1,167,135
Less: provision for doubtful advances	<u>1,167,135</u>	<u>1,167,135</u>
	<u>-</u>	<u>-</u>

**This represents non-interest bearing and unsecured loans.*

	<u>2025</u> <u>USD</u>	<u>2024</u> <u>USD</u>
9. Trade receivables		
Trade receivables *	40,409,462	56,962,959
Less: provision for expected credit losses^	<u>(40,884)</u>	<u>-</u>
	<u>40,368,578</u>	<u>56,962,959</u>

**This includes USD 15,504,715 (previous year USD 20,816,736) due from a related party on trade dealings. The establishment's credit period ranges between 0 - 240 days after which trade receivables are past due. Although trade receivables of USD 409,718 (net of recoveries) are past due, they are considered good and fully recoverable by the management. As at 31 March, the aging of trade receivables was as follows:*

	<u>Total</u> <u>USD</u>	<u>Not due</u> <u>USD</u>	<u>0-30</u> <u>Days</u> <u>USD</u>	<u>31-90</u> <u>Days</u> <u>USD</u>	<u>91-180</u> <u>Days</u> <u>USD</u>	<u>181-240</u> <u>Days</u> <u>USD</u>	<u>241-365</u> <u>Days</u> <u>USD</u>	<u>> 365</u> <u>Days</u> <u>USD</u>
2025	40,409,462	29,111,514	6,903,634	1,126,503	1,123,723	1,061,162	1,057,232	25,694

^ The movements in the provision for expected credit losses were as follows:

	<u>2025</u> <u>USD</u>	<u>2024</u> <u>USD</u>
Provision as at beginning of the year	-	-
Provision made during the year	<u>40,884</u>	<u>-</u>
Provision as at the end of the year	<u>40,884</u>	<u>-</u>

10. Advances, deposits and other receivables

Marketing authorization income receivable – ultimate parent company	248,135	248,135
Advance to a related party	-	69,245
Advances to staff and others	13,487	49,958
Deposits	8,573	13,173
VAT recoverable	45,653	42,452
Accrued interest income	<u>19,769</u>	<u>730,815</u>
	<u>335,617</u>	<u>1,153,778</u>

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025**

	<i>2025</i> <i>USD</i>	<i>2024</i> <i>USD</i>
11. Cash and bank balances		
Bank balance in current accounts	14,521,171	26,085,350
Term deposit	<u>604,087</u>	<u>583,330</u>
	<u>15,125,258</u>	<u>26,668,680</u>
12. Share capital		
Authorised, issued and paid-up:		
300 shares of AED 150,000 each (<i>converted @ 3.673</i>)	<u>12,251,565</u>	<u>12,251,565</u>
13. Staff end of service gratuity		
As at 1 April	71,818	60,916
Provision made during the year	11,557	10,902
Payment made during the year	<u>(23,746)</u>	<u>-</u>
As at 31 March *	<u>59,629</u>	<u>71,818</u>
<i>*Includes USD 59,629 (previous year USD 52,048) payable to a KMP.</i>		
14. Long-term loan		
This represents an unsecured and interest-bearing long-term loan from a fellow subsidiary, repayable in three years from 3 December 2023.		
15. Term loan		
This represents unsecured and interest-bearing term loan from a fellow subsidiary which has been repaid during the year.		
	<i>2025</i> <i>USD</i>	<i>2024</i> <i>USD</i>
16. Trade payables		
Related party	14,995,616	38,433,083
Non-related parties	<u>3,010,817</u>	<u>3,487,193</u>
	<u>18,006,433</u>	<u>41,920,276</u>
<i>The establishment avails credit terms of 0 - 180 days from the ultimate parent company. However, extended credit facility is availed during the year.</i>		
	<i>2025</i> <i>USD</i>	<i>2024</i> <i>USD</i>
17. Other payables, provisions and accruals		
Interest payable on loan – related parties	360,078	1,790,155
Provisions @	1,552,834	3,919,070
Accrual	<u>-</u>	<u>20,025</u>
	<u>1,912,912</u>	<u>5,729,250</u>

@Includes USD 16,070 (previous year USD 14,850) payable to a KMP.

SUN LABORATORIES FZE**Notes to the Financial Statements**
for the year ended 31 March 2025**18. Sales**

It comprises of sales to the customers of emerging markets and to an overseas related party. Sales are stated net of returns and provision for chargebacks, price variation, stock adjustments and other sales deductions.

19. Cost of sales

It comprises of purchases mainly from ultimate parent company which are stated net of returns and provision for chargebacks, price variation, stock adjustments, other deductions and includes amortization of intangible assets.

	<i>2025</i> <u>USD</u>	<i>2024</i> <u>USD</u>
20. Other income		
Interest income from debt instruments (bonds)	1,963,782	2,610,193
Interest income from bank	265,926	184,722
Interest income – others	1,900	-
Gain on redemption of debt instruments	1,061,141	254,672
Consent fees on redemption of debt instruments	23,849	282,000
	<u>3,316,598</u>	<u>3,331,587</u>
21. Selling, promotional and other expenses		
Commission on sales	354,917	920,535
Business promotion expenses	2,430,158	393,129
Freight charges	101,000	4,935
Consultancy charges	1,084,635	1,305,317
Professional fees	10,410	8,413
Lease and license fee	8,168	8,400
Insurance expenses	2,287	2,095
Other miscellaneous expenses	54,306	42,642
	<u>4,045,881</u>	<u>2,685,466</u>

22. Income tax expense

On 9 December 2022, the U.A.E. Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the U.A.E. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the establishment’s accounting year ends on 31 March, the first tax period will be the period from 1 April 2024 to 31 March 2025, with the respective tax return to be filed on or before 31 December 2025.

The taxable income of the establishment that are in scope for U.A.E. CT purposes will be subject to the rate of 9% Corporate Tax for mainland entities and where conditions are met, 0% for qualifying freezones.

The tax charge for the year ended 31 March 2025 is USD Nil (*previous year USD Nil*), representing an Effective Tax Rate (“ETR”) of 0% (*previous year Nil*). The deviation from the U.A.E. statutory tax rate (i.e. 9%) is primarily driven by its operations in free zone that are subject to 0%.

SUN LABORATORIES FZE**Notes to the Financial Statements
for the year ended 31 March 2025****Income tax expense (cont'd)**

The component of income tax expense in the statement of profit or loss and other comprehensive income:

	<i><u>2025</u></i> <i><u>USD</u></i>	<i><u>2024</u></i> <i><u>USD</u></i>
<i>Income tax expense</i>		
Current income tax expense	-	-
<i>Deferred tax</i>		
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

The reconciliation of current income tax expense and accounting profit is as follows:

	<i><u>2025</u></i> <i><u>USD</u></i>	<i><u>2024</u></i> <i><u>USD</u></i>
Accounting profit/(loss) for the year before tax	31,095,148	-
Income tax at UAE statutory rate of 9%	2,798,563	-
Tax effect of amounts which are taxable at 0%: Qualifying income of the qualifying free zone*	(2,798,563)	-
Income tax expense/(benefit)	-	-
Effective tax rate	0%	-

* As per Article 18 of the CT Law, a qualifying free zone person is a free zone person that meets all of the following conditions:

- a) Maintains adequate substance in the State.
- b) Derives Qualifying Income as specified in a decision issued by the Cabinet at the suggestion of the Minister.
- c) Has not elected to be subject to Corporate Tax under Article 19 of this Decree-Law.
- d) Complies with Articles 34 and 55 of this Decree-Law.
- e) Meets any other conditions as may be prescribed by the Minister.

Corporate tax shall be imposed on qualifying free zone person at the following rates:

- a) 0% on qualifying income; and
- b) 9% on taxable income that is not qualifying income.

The de minimis requirement in U.A.E. Corporate Tax allows qualifying free zone persons to pay 0% tax if their non-qualifying income does not exceed the lower of 5% of total revenue or AED 5 million.

For the purpose of determining income tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purposes include items relating to both income and expense.

SUN LABORATORIES FZE**Notes to the Financial Statements**
*for the year ended 31 March 2025***Income tax expense (cont'd)**

The adjustments are based on the current understanding of the existing tax laws, regulations and practices. The company has not identified any material risks or uncertainties in the structure from a Corporate Tax perspective and will continuously monitor further developments that could impact the tax profile of the establishment.

23. Related party transactions and balances

The establishment enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: *Related Party Disclosures*. Related parties with which the establishment has transactions and balances during the year are as follows:

Ultimate parent company

- Sun Pharmaceutical Industries Ltd., India

Parent company

- Sun Pharma Holdings, Mauritius

Fellow subsidiaries

- Sun Pharmaceutical Industries Inc, USA
- Sun Pharma (Netherlands) B.V., Netherlands
- Alkaloida Chemical Company Zrt., Hungary
- Ranbaxy (Thailand) Co. Ltd, Thailand

Key management personnel (KMP)

- Mr. Kavan Bhaskarkumar Modi

Significant transactions during the year with related parties and the amounts involved are as follows:

Figures in ('000)

	<i>Ultimate parent company</i>	<i>Fellow subsidiaries</i>	<i>KMP</i>	<i>Total 2025</i>	<i>Total 2024</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
	<i>Dr./.(Cr)</i>	<i>Dr./.(Cr)</i>	<i>Dr./.(Cr)</i>	<i>Dr./.(Cr)</i>	<i>Dr./.(Cr)</i>
Sales	-	(86,054)	-	(86,054)	(67,642)
Purchases	95,082	-	-	95,082	98,058
Director's remuneration and expenses	-	-	111	111	111
Interest expense	-	3,335	-	3,335	7,137

Transactions between the establishment and its related parties are made on terms equivalent to those that prevail in arm's length transactions. The year-end related parties' balances are disclosed in notes 9, 10, 13, 14, 15, 16 and 17.

24. Capital risk management

The establishment manages its capital to ensure that the establishment will be able to continue as a going concern while maximizing the return to the shareholder company. The capital structure of the establishment comprises net debt (comprising interest bearing borrowings and trade and other payables offset by cash and bank balances) and equity (comprising share capital and (accumulated losses) / retained earnings).

SUN LABORATORIES FZE**Notes to the Financial Statements**
*for the year ended 31 March 2025***25. Financial instruments: Credit, liquidity and market risk exposures****Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the establishment to concentrations of credit risk comprise principally of bank balance and trade and other receivables. The establishment's bank balance in current and term deposits accounts are placed with high credit quality financial institutions.

The establishment has derived 84% (*previous year 98%*) of its revenue from three (*previous year five*) customers based overseas which includes 47% (*previous year 47%*) from a related party.

At 31 March 2025, the establishment had significant concentration of credit risk with 4 overseas customers accounting for 81% (*previous year 87% with 3 overseas customers*) of the trade receivables. Management believes that this concentration of credit risk is mitigated as these customers have long standing relationships with related parties.

The establishment also seeks to limit its credit risk with respect to customers by monitoring outstanding receivables and the terms of realization with the customers being letter of credit where available. In this way, the customer balances are secured and considered good and recoverable by the management. There are no significant concentrations of credit risk from receivables outside the industry in which the establishment operates.

Liquidity risk

Liquidity risk is the risk that the establishment will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the parent company and the management who ensure that sufficient funds are made available to the establishment to meet commitments as they fall due.

Market risk

Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the establishment's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans from related parties are at fixed rate of interest. Term deposit is at a fixed rate of interest.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for the below, there is no significant currency risk as substantially all financial assets and financial liabilities are denominated in the US Dollars or UAE Dirhams to which the US Dollars rate is fixed:

	<i>2025</i> <i>Equivalent</i> <i>USD</i>	<i>2024</i> <i>Equivalent</i> <i>USD</i>
Foreign currency financial assets:		
Trade receivables		
Euro (EUR)	5,973,149	6,969,108

SUN LABORATORIES FZE**Notes to the Financial Statements**
*for the year ended 31 March 2025***Financial instruments: Credit, liquidity and market risk exposures (cont'd)****Market risk (cont'd)***Currency risk (cont'd)*

	<i>2025</i> <i>Equivalent</i> <i>USD</i>	<i>2024</i> <i>Equivalent</i> <i>USD</i>
Bank balance		
Euro (EUR)	4,244,527	2,850,546
Foreign currency financial liability:		
Trade payables		
Euro (EUR)	3,480,862	4,121,450

26. Financial instruments: Fair values

The fair values of the establishment's financial assets, comprising trade and other receivables and bank balances and financial liabilities comprising term loan, long-term loan and trade and other payables, approximate to their carrying values.

27. Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments outstanding at the date of statement of financial position.

28. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassifications do not affect the previously reported profit / (loss), net assets or equity of the establishment.

29. Approval of the financial statements

To the best of the knowledge of the management and those charge with governance, the financial statements fairly present, in all material respects, the financial position, financial performance and cash flows of the establishment as of, and for the year ended 31 March 2025. The financial statements were approved by the board of directors on 14 May 2025 and authorized Mr. Kavan Bhaskarkumar Modi to sign on behalf of the Board.

On behalf of the board:


Kavan Bhaskarkumar Modi
DIRECTOR