



To,
The Board of Directors,
Aarti Drugs Limited,
Ground Floor, Mahendra Industrial Estate, Plot No. 109-D,
Road No.29, Sion East, Mumbai - 400 022

Dear Sir / Madam,

Independent Auditor's Report in connection with proposed buyback of 6,65,000 equity shares of face value of Rs. 10/- each of Aarti Drugs Limited (the "Company") in terms of Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (the "Buyback Regulations"), as amended, through Tender Offer ("Buyback").

1. This report is issued in accordance with the terms of our engagement letter dated 24th August 2024.
2. We, Gokhale & Sathe, Chartered Accountants (Firm Registration Number 103264), the Statutory Auditors of Aarti Drugs Limited (the "Company"), have been informed by the Management of the Company that the Board of Directors of the Company has approved and has passed resolution for a proposed buyback of equity shares of the Company at its meeting held on 26th August 2024, in pursuance of the provisions of Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as amended (the "Buyback Regulations").
3. The accompanying statement of Debt Equity Ratio calculation post Buyback of Equity Shares ("Statement") is prepared by the management of the company, which we have initialed for identification purpose only.

MANAGEMENT'S RESPONSIBILITY FOR THE STATEMENT

4. The Management of the Company is responsible for the preparation of the Statement in accordance with the Buyback Regulations, including calculation of debt equity ratio post proposed buyback of equity shares. The preparation and maintenance of all accounting and other relevant supporting records and documents and all applicable guidelines issued in connection with the proposed buy back of equity shares of the Company and to perform a reasonable assurance engagement on the Statement, which we have initialed for determination purposes only.

AUDITOR'S RESPONSIBILITY FOR THE STATEMENT

5. We have considered Audited Standalone Financial Statements and Audited Consolidated Financial Statements as on 31st March 2024 for the purpose of calculation of debt equity ratio post buyback.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.





OPINION

7. Based on the procedure performed by us, as stated above and according to the information and explanation given to us, we certify that the debt equity ratio post buyback will be 0.43:1 & 0.47:1 in case of Standalone & Consolidated Financial Statements as on 31st March 2024. (Refer statement in Annexure I)

RESTRICTION ON USE

8. This certificate is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Companies Act, 2013 and the Buyback Regulations, solely to enable the Board of Directors of the Company and can be used only by the addressees and Inga Ventures Private Limited (Merchant Banker) to the buyback / reproduce in the relevant documents and to be filed with Securities & Exchange Board of India, the Stock Exchanges as required by the Companies Act, 2013 and the Buyback Regulations, should not be used for any other purpose or by any other person to whom this report is shown or into whose hands it may come without our prior concern in writing. We accept no duty or responsibility to and deny any liability to any other third party in respect of any such use of this letter.

For Gokhale & Sathe,
Chartered Accountants,
Firm Registration Number: 103264W

Ravindra More
Partner
Membership No: 153666
UDIN: 24153666BKDADS2685



Date: 26th August 2024
Place: Mumbai

CC: Inga Ventures Private Limited
1229, Hubtown Solaris, N.S. Phadke Marg,
Opp. Telli Galli, Andheri (East) - 400 069



Annexure I

Statement of Debt equity Ratio in case of Aarti Drugs

(Rs. in lakhs)

Particulars	As on 31 st March,2024 As per Audited Financial Statements	
	Standalone	Consolidated
Debts		
Long Term Borrowings	23,825.66	27,532.92
Short Term Borrowings	17,347.02	21,470.47
Current Maturities of Long-Term Borrowings	6,112.50	7,238.25
Current Maturities of Optionally Convertible Loans	-	-
Interest Accrued but not due on Borrowings	220.67	220.67
Total (A)	47,505.84	56,462.32
Equity		
Equity Share Capital	9,193.50	9,193.50
Other Equity	1,08,327.25	1,18,961.35
Less:		
Capital Reserve	200.74	628.27
Capital Redemption Reserve	428.48	428.48
Debenture Redemption Reserve	-	-
Other Reserves/Foreign Currency translation reserve	-	(77.42)
Other Comprehensive income	977.96	968.14
	1,15,913.57	1,26,207.38
Less: Amount Earmarked for Proposed Buy- back	5,985.00	5,985.00
Total (B)	1,09,928.57	1,20,222.38
Debt Equity ratio (A/B) post proposed buyback	0.43	0.47

Underlying Assumptions:

- Debt includes all amounts of unsecured and secured debts as defined under section 68 (2) (d) of the Companies Act, 2013.
- It is assumed that the offer for buyback would be availed to the full extent of Rs. 5,985 lakhs i.e. Maximum Buyback Size which is the amount offered for buy back under this offer.
- Equity is the residual interest in the assets of the enterprise after deducting all its liabilities as defined in the "The framework for the preparation and presentation of financial statements" as issued by the Institute of Chartered Accountants of India, after considering the buy-back as per preceding assumption.

