

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

Dear Sir,

**Statutory Auditor's Report in respect of proposed buyback of equity shares by Aarti Drugs Limited ("the Company") in terms of clause (xi) of Schedule I of Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended (the "Buyback Regulations")**

1. This report is issued in accordance with the terms of our engagement letter dated 17<sup>th</sup> July, 2023.
2. We, **Kirtane & Pandit LLP, Chartered Accountants (Firm Registration Number 105215W/W100057)**, 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 a proposed buy-back of equity shares of the Company at its meeting held on 21<sup>st</sup> July 2023, in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 (the "Act") and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended (the "Buyback Regulations").
3. The accompanying Statement of permissible Capital payment ("Annexure A") as at 31<sup>st</sup> March, 2023 (hereinafter referred together as the "Statement") is prepared by the Management of the Company, and same is initialed by us for identification purposes only.

**MANAGEMENT'S RESPONSIBILITY FOR THE STATEMENT**

4. The Management of the Company is responsible for the preparation of the Statement in accordance with Section 68 (2)(c) of the Act, including the computation of the amount of the permissible capital payment, preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes collecting, collating and validating data and designing implementing and monitoring of internal controls suitable for ensuring compliance with 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.
5. The Board of Directors are responsible to make a full inquiry into the affairs and prospects of the Company and to form an opinion that the Company will not be rendered insolvent within a period of one year from the date of meeting at which the proposal for buy-back was approved by the Board of Directors of the Company.

## **AUDITOR'S RESPONSIBILITY FOR THE STATEMENT**

6. Pursuant to the requirements of the Act and Buyback Regulations, it is our responsibility to provide reasonable assurance on:
  - a) we have inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended 31<sup>st</sup> March 2023;
  - b) the amounts used for computing the permissible capital payment as stated in Annexure A, have been properly determined considering the audited standalone and consolidated financial statements of the Company for the Year ended 31<sup>st</sup> March 2023 and the computation is in accordance with Section 68(2)(c) of the Act;
  - c) The Board of Directors of the Company in their meeting dated 21<sup>st</sup> July 2023 have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of passing of Board meeting resolution dated 21<sup>st</sup> July 2023.
7. The standalone and consolidated financial statements referred to in paragraph 4 above, which we have considered for the purpose of this report, have been audited by us.
8. 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.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## **OPINION**

10. Based on our examination, as stated above and according to the information, explanations and written representations provided to us by the Management of the Company, we report that:
  - a) we have inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements for the year ended 31<sup>st</sup> March 2023.;
  - b) The amount of permissible capital payment towards the proposed buy back of equity shares as stated in Annexure A is in accordance with Section 68(2)(c) of the Act;
  - c) The Board of Directors of the Company in their meeting dated 21<sup>st</sup> July 2023 have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of passing of Board meeting resolution dated 21<sup>st</sup> July 2023.

## RESTRICTION ON USE

11. This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Act and the Buyback Regulations, solely to enable the Board of Directors of the Company to include it (a) in the explanatory statement to be included in the postal ballot notice to be circulated to shareholders (b) in the public announcement to be made to the shareholders of the Company, (c) in the letter of offer to be filed with Securities & Exchange Board of India, the Stock Exchanges, the Registrar of Companies as required by the Act and the Buyback Regulations, should not be used for any other purpose or by any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior concern in writing. We have no responsibility to update this report for events and circumstances after the date of this report.

**For Kirtane & Pandit LLP,  
Chartered Accountants,  
FRN: 105215W/W100057**

*A. Kanetkar*

**Aditya A. Kanetkar**  
Partner  
M. No. 149037



**UDIN: 23149037BGUGKW8476**

Place: Mumbai  
Date: 21<sup>st</sup> July, 2023

**Annexure A****(Amount in Lakhs)**

| <b>Particulars</b>   | <b>As at March 31,<br/>2023<br/>(Standalone)</b> | <b>As at March 31,<br/>2023<br/>(Consolidated)</b> |
|--|--|--|
| Equity Share Capital- Subscribed and Paid-up   | 9,260.00   | 9,260.00   |
| <b>Free Reserves</b>   |  |  |
| Securities Premium Account   | 0.00   | 0.00   |
| General Reserve  | 6,055.21   | 6,055.21   |
| Surplus in Statement of Profit and Loss  | 94,713.23  | 1,02,053.49  |
| <b>TOTAL</b>   | <b>1,10,028.44</b>                               | <b>1,17,368.71</b>                                 |
| Maximum amount permissible for the Buy-back i.e., Lower of 10% of total paid up equity capital and free reserves |  | 11,002.84  |
| Amount approved by the Board of Directors for buy-back in the meeting held on 21 <sup>st</sup> July, 2023        |  | <b>5,985.00</b>                                    |