



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 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 in "Annexure I" as on 31st March 2024 (hereinafter referred together as the "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 section 68 (2)(c) of the act, including 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 control suitable for ensuring compliance with all the 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 31st March 2024; as adopted by the Board of Directors of the Company at its meeting held on 3rd May 2024.
  - b) the amount of permissible capital payment towards the proposed Buyback of Equity Shares as computed in the statement attached herewith, as Annexure I, have been properly determined in accordance with Section 68 (2)(c) of the Companies Act. The amounts of share capital and free reserves have been extracted from the audited standalone and audited consolidated financial statements of the Company as at and for financial year ended 31st March 2024.
  - c) The Board of Directors of the Company in their meeting dated 26th August 2024 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 26th August 2024.
7. The audited standalone and consolidated financial statements referred to in paragraph 6 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 31st March 2024.;
  - b) The amount of permissible capital payment towards the proposed buy back of equity shares as stated in Annexure I is in accordance with Section 68(2)(c) of the Act;





- c) The Board of Directors of the Company in their meeting dated 26th August 2024 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 26th August 2024.

#### **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 (a) in the public announcement to be made to the shareholders of the Company, (b) 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 Gokhale & Sathe,  
Chartered Accountants,  
Firm Registration Number: 103264W

Ravindra More  
Partner  
Membership No: 153666  
UDIN: 24153666BKDADT7422



Date: 26th August 2024  
Place: Mumbai



## Annexure I

### Statement of Permissible Capital Payment

Computation of amount of permissible capital payment towards buyback of equity shares in accordance with Section 68(2)(c) of the Companies Act, 2013 ("the Act"), based on audited standalone and audited consolidated financial statements as at 31st March 2024.

Particulars	(Rs. in lakhs)	
	As at 31st March 2024 (Standalone)	As at 31st March 2024 (Consolidated)
Equity Share Capital- Subscribed and Paid-up (A)	9,193.50	9,193.50
<b>Free Reserves</b>		
- Securities Premium Account	Nil	Nil
- General Reserve	1,489.04	1,489.04
- Surplus in Statement of Profit and Loss	1,05,231.02	1,15,524.84
<b>Total Free Reserves (B)</b>	<b>1,06,720.06</b>	<b>1,17,013.88</b>
<b>Total (A+B)</b>	<b>1,15,913.56</b>	<b>1,26,207.38</b>
Maximum amount permissible for the Buy-back under Section 68 of the Act i.e. 25% of total paid up equity capital and free reserves	28,978.39	31,551.84
Maximum amount permissible for buy back under section 68 of the Act, within the powers of the Board of Directors - 10% of total paid-up equity share capital and free reserves.	11,591.36	12,620.74
Amount proposed by Board Resolution dated 26th August 2024 approving the Buyback.	5,985.00	5,985.00

