

# T A M S & CO LLP

CHARTERED ACCOUNTANTS

## CERTIFICATE ON KEY PERFORMANCE INDICATORS (KPIS)

Date: July 24, 2024

To,

The Board of Directors,  
**Akums Drugs and Pharmaceuticals Limited**  
Plot No 131 to 133  
Block-C, Mangolpuri Ind. Area Phase I  
Delhi 110083, India

**ICICI Securities Limited**  
ICICI Venture House,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai 400 025  
Maharashtra, India

**Ambit Private Limited**  
Ambit House,  
449, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013,  
Maharashtra, India

**Axis Capital Limited**  
1<sup>st</sup> Floor, Axis House  
C-2, Wadia International Centre  
P.B. Marg, Worli, Mumbai 400 025  
Maharashtra, India

**Citigroup Global Markets India Private Limited**  
1202, 12th Floor, First International Financial Centre,  
G-Block, Bandra Kurla Complex,  
Bandra (East), Mumbai 400 098  
Maharashtra, India

(ICICI Securities Limited, Ambit Private Limited, Axis Capital Limited, Citigroup Global Markets India Private Limited and any other book running lead managers which may be appointed in relation to the Offer are collectively referred to as the "Book Running Lead Managers" or the "BRLMs")

Re: Proposed initial public offering of equity shares of face value of ₹ 2 each ("Equity Shares") by Akums Drugs and Pharmaceuticals Limited (the "Company") and such offering (the "Offer")

We, T A M S & CO LLP, Chartered Accountant, Independent Chartered Accountants, have in connection with the calculation of the basis of offer price of the Equity Shares in the Offer, appearing in the offer documents prepared in connection with the Offer, have verified the information mentioned in the Annexures with respect to the Company, extracted from the restated consolidated financial



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G T K & CO (a partnership firm) converted into T A M S & CO LLP (a Limited Liability Partnership) with LLP identity no: LLPIN - ACA-7982 with effect from April 26, 2023. Post its conversion to T A M S & CO LLP, its ICAI Registration number is 038010N/N500416 (ICAI Registration number before conversion was 038010N).

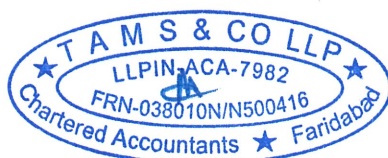
statements of the Company as of and for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, prepared in accordance with the Companies Act, 2013, as amended and the rules framed thereunder, the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “Restated Ind AS Summary Statements”), to the extent applicable.

We have conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (“Guidance Note”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have also 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.

We confirm that the information above is true, fair, correct, accurate, adequate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well informed decision.

We confirm that all Key Performance Indicators (“KPIs”), as communicated by the Company to us, along with their explanations, have been included in the sub-annexures under Annexure I. The details / reconciliation of the Non-GAAP measures given below in the table has been mentioned in Annexure II. The agreed-upon-procedures and data provided for the KPIs and the definitions and assumptions in relation to these KPIs have been mentioned in the respective Annexures, as outlined in the below table:

Annexure	Key Performance Indicator
Annexure- I (a)	Revenue from operations
Annexure- I (b)	EBIT (Earnings before interest and tax)
Annexure- I (c)	EBIT margin
Annexure- I (d)	EBITDA (Earnings before interest, tax, depreciation and amortization expense)
Annexure- I (e)	EBITDA margin
Annexure- I (f)	Profit for the year
Annexure- I (g)	Profit after tax margin
Annexure- I (h)	Fixed asset turnover ratio
Annexure- I (i)	Debt-equity ratio
Annexure- I (j)	Return on equity
Annexure- I (k)	Return on Capital Employed
Annexure- I (l)	Segment results before depreciation
Annexure- I (m)	Segment results before depreciation margin
Annexure- I (n)	Adjusted EBIT (Earnings before interest and tax)
Annexure- I (o)	Adjusted EBIT margin
Annexure- I (p)	Adjusted EBITDA (Earnings before interest, tax, depreciation and amortization expense)
Annexure- I (q)	Adjusted EBITDA margin
Annexure- I (r)	Adjusted Return on equity
Annexure- I (s)	Adjusted Return on Capital Employed



We have issued this certificate based on request from the management, to calculate the aforementioned ratios. This certificate shall be relied upon only with respect to the calculation of the aforementioned ratios. We assume no responsibility and shall be held harmless from all parties involved with respect to evaluation of any of the above key performance indicator which may be included by the management in their Offer document as this is solely the decision made by the management of the Company.

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the red herring prospectus, prospectus and any other material used in connection with the Offer (together, the "Offer Documents"), and for the submission of this certificate as may be necessary, to any regulatory/ statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the Book Running Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

This certificate may be relied on by the Company, the BRLMs, their affiliates and legal counsel in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to update you in writing of any changes in the abovementioned position, immediately upon us becoming aware, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.



All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

This certificate may be relied on by Book Running Lead Managers, their affiliates and legal counsel appointed in relation to the Offer.

Yours faithfully,

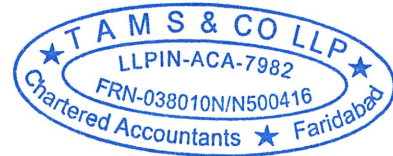
For and on behalf of T A M S & CO LLP  
FRN: 038010N/N500416

Name: Mohan Soni

Designation: Partner

Membership Number: 095882

UDIN: 24095882 BKAVEV8430



Cc:

**Domestic Legal Counsel to the BRLMs**

**IndusLaw**

2nd Floor, Block D

The MIRA, Mathura Road

New Delhi 110 065, India

**International Legal Counsel to the BRLMs**

**Sidley Austin LLP**

Level 31, Six Battery Road,

Singapore 049 909

**Domestic Legal Counsel to the Company**

**Cyril Amarchand Mangaldas**

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Plot No. C-001/A

Sector 16B, Noida 201 301

Uttar Pradesh, India



**Annexure- I**

S. No.	Financial KPIs	Unit	For the year ended		
			31 March 2024	31 March 2023	31 March 2022
(a)	Revenue from operations	(₹ in million)	41,781.82	36,548.20	36,718.93
(b)	EBITDA <sup>(1)</sup>	(₹ in million)	1,570.10	3,840.55	(690.89)
(c)	EBITDA margin <sup>(2)</sup>	%	3.73%	10.38%	-1.87%
(d)	EBIT <sup>(3)</sup>	(₹ in million)	313.70	2,712.46	(1,637.68)
(e)	EBIT margin <sup>(4)</sup>	%	0.74%	7.33%	-4.43%
(f)	Profit for the year	(₹ in million)	7.90	978.17	(2,508.74)
(g)	Profit after tax margin <sup>(5)</sup>	%	0.02%	2.64%	-6.79%
(h)	Fixed asset turnover ratio <sup>(6)</sup>	Times	3.30	3.41	3.79
(i)	Debt-equity ratio <sup>(7)</sup>	Times	0.69	0.75	0.58
(j)	Return on equity <sup>(8)</sup>	%	0.11%	13.52%	-40.13%
(k)	Return on capital employed <sup>(9)</sup>	%	3.37%	24.60%	-18.89%
(l)	Segment results before depreciation	(₹ in million)			
	- CDMO		4,866.92	3,922.87	4,001.51
	- API		(455.14)	(1,034.45)	(223.74)
	- Branded & Generic Formulations		590.58	451.05	339.99
(m)	Segment results before depreciation margin <sup>(10)</sup>	%			
	- CDMO		14.90%	14.41%	15.04%
	- API		-21.42%	-58.36%	-20.47%
	- Branded & generic formulations		8.45%	5.98%	3.77%
(n)	Adjusted EBITDA <sup>(11)#</sup>	(₹ in million)	5,147.84	3,400.86	4,250.85
(o)	Adjusted EBITDA margin <sup>(12)</sup>	%	12.22%	9.19%	11.51%
(p)	Adjusted EBIT <sup>(13)#</sup>	(₹ in million)	3,891.44	2,272.77	3,304.06
(q)	Adjusted EBIT margin <sup>(14)</sup>	%	9.24%	6.14%	8.94%
(r)	Adjusted Return on equity <sup>(15)#</sup>	%	17.19%	3.11%	14.51%
(s)	Adjusted Return on Capital employed <sup>(16)#</sup>	%	16.94%	10.77%	17.22%

# Calculated without considering the computation of fair value of the put option liability. The Put option liability arose as a result of buyback obligation on account of certain exit rights granted to Ruby QC Investments Pte. Limited by our Company, under the shareholder agreement, dated October 3, 2019, entered among our Company and the Promoters. This put option liability or the buyback obligation is recognised as a financial liability and is re-measured at each accounting date and has been recognised as fair value changes to the financial instrument in the Restated Consolidated Financial Information in accordance with Ind AS 109 "Financial Instruments" applicable to our Company.



**Notes:**

- (1) EBITDA refers to sum of EBIT and depreciation and amortization expense.
- (2) EBITDA margin is calculated as EBITDA divided by total income.
- (3) EBIT refers to earnings before interest and tax, calculated as the sum of restated profit/(loss) before share of profit/(loss) of associates and exceptional items for the year, and finance costs.
- (4) EBIT margin is calculated as EBIT divided by total income.
- (5) Profit after tax margin is calculated as the percentage of restated profit after tax for the year divided by total income.
- (6) Fixed asset turnover ratio is calculated as revenue from operations divided by fixed assets at the end of the year. Fixed assets includes Property, plant and equipment, Capital work-in-progress, Other intangible assets and Intangible assets under development.
- (7) Debt-equity ratio is calculated by dividing total debt (including both current and non-current borrowings) by equity attributable to equity holders of the parent.
- (8) Return on equity is calculated by dividing restated profit for the year by total equity.
- (9) Return on Capital Employed is calculated as EBIT divided by capital employed (i.e. sum of total equity and net debt). Net debt is calculated as total debt (including both current and non-current borrowings) less cash and cash equivalent, bank balance other than cash and cash equivalents and fixed deposits with remaining maturity of more than 12 months.
- (10) Segment results before depreciation margin is calculated as segment results before depreciation from each segment divided by revenue from operations from that segment.
- (11) Adjusted EBITDA is calculated as the sum of restated profit for the year, tax expenses, finance costs, depreciation and amortization expense, fair value changes to financial instruments, share of profit/ (loss) of associates and exceptional items.
- (12) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total income.
- (13) Adjusted EBIT is calculated as the sum of our restated profit/(loss) before share of profit/(loss) of associates and exceptional items for the year, finance costs and fair value changes to financial instruments.
- (14) Adjusted EBIT margin is calculated as Adjusted EBIT divided by total income.
- (15) Adjusted return on equity is calculated by dividing the sum of profit after tax for the year and fair value changes to financial instrument by the sum of total equity and put option liability
- (16) Adjusted return on capital employed is calculated as Adjusted EBIT divided by capital employed (i.e. sum of total equity, net debt and put option liability). Net debt is calculated as total debt (including both current and non-current borrowings) less cash and cash equivalent, bank balances other than cash and cash equivalents and fixed deposits with remaining maturity of more than 12 months.

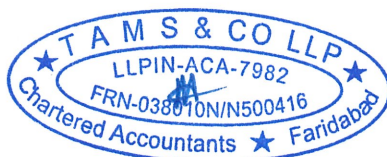
**Explanation for the KPI metrics**

KPI	Explanation
Revenue from operations	Revenue from operations represents the income generated by our Company from its core operating operations. This gives information regarding the scale of operations.
EBITDA	Tracking EBITDA helps us identify underlying trends in our business and facilitates evaluation of year-on-year operating performance of our operations by eliminating items that are variable in nature and not considered by us in the evaluation of ongoing operating performance and allowing comparison of our recurring core business operating results over multiple years.
EBITDA margin	Tracking EBITDA Margin assists in tracking the margin profile of our business and in understanding areas of our business operations which have scope for improvement.
EBIT	EBIT provides information regarding the true cost of running the company because it takes into account depreciation and amortization cost. This is important because parts of our Company's properties, manufacturing plants and equipment will eventually need to be replaced as they get used, broken down, decayed, etc.
EBIT margin	Tracking EBIT margin assists in tracking the operational efficiency of our business and allows comparison of results over multiple periods.
Profit for the year	Tracking restated profit for the year helps us track the overall profitability of our business after tax.





PAT margin	Tracking PAT margin assists in tracking the margin profile of our business and allows comparison of results over multiple periods.
Fixed Asset turnover ratio	This formula helps us assess how efficiently sales are being generated from existing fixed assets over multiple periods.
Debt-equity ratio	This metric helps our Company track the leverage position over multiple years and deploy the modified strategies.
Return on equity	This ratio helps our Company in measuring the returns generated from equity financing.
Return on Capital Employed	This ratio helps our Company in measuring the operating returns generated from total capital employed in the business.
<b>Segment results before depreciation</b>	
- CDMO	This metric helps our Company to track the EBITDA from CDMO business.
- Branded & generic formulations	This metric helps our Company to track the EBITDA from Branded & Generic formulations business.
- API	This metric helps our Company to track the EBITDA from API business.
<b>Segment results before depreciation margin (%)</b>	
CDMO	Tracking EBITDA Margin of CDMO segment assists in tracking the margin profile of our CDMO business and in understanding areas which have scope for improvement.
- Branded & generic formulations	Tracking EBITDA Margin of Branded & Generic Formulations segment assists in tracking the margin profile of our Branded and Generic Formulations business and in understanding areas which have scope for improvement.
- API	Tracking EBITDA Margin of API segment assists in tracking the margin profile of our API business and in understanding areas which have scope for improvement.
Adjusted EBITDA	Adjusted EBITDA is EBITDA adjusted for fair value changes to financial instruments.
Adjusted EBITDA margin	Adjusted EBITA margin is EBITDA margin adjusted for fair value changes to financial instruments.
Adjusted EBIT	Adjusted EBIT is EBIT adjusted for fair value changes to financial instruments.
Adjusted EBIT margin	Adjusted EBIT margin is EBIT margin adjusted for fair value changes to financial instruments.
Adjusted Return on equity	Adjusted Return on Equity is Return on Equity adjusted for fair value changes to financial instruments and corresponding put option liability.
Adjusted Return on Capital employed	Adjusted Return on Capital Employed is Return on Capital Employed adjusted for fair value changes to financial instruments and corresponding put option liability.



## Annexure-II

### EBIT, EBIT Margin (%), EBITDA, EBITDA Margin (%), PAT and PAT Margin (%)

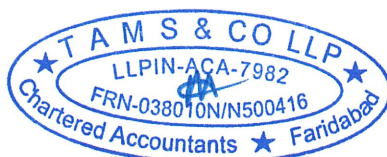
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss)/ profit before share of (loss)/ profit of an associate, exceptional item and tax (A)	(192.44)	2,250.00	(1,804.23)
Finance costs (B)	506.14	462.46	166.55
<b>EBIT (C=A+B)</b>	<b>313.70</b>	<b>2,712.46</b>	<b>(1,637.68)</b>
Depreciation and amortisation expense (D)	1,256.40	1,128.09	946.79
<b>EBITDA (E=C+D)</b>	<b>1,570.10</b>	<b>3,840.55</b>	<b>(690.89)</b>
Total Income (F)	42,122.07	37,009.25	36,945.23
<b>EBIT Margin (%) (G=C/F)</b>	<b>0.74%</b>	<b>7.33%</b>	<b>-4.43%</b>
<b>EBITDA Margin (%) (H = E/F)</b>	<b>3.73%</b>	<b>10.38%</b>	<b>-1.87%</b>
Profit after tax for the year (I)	7.90	978.17	(2,508.74)
<b>PAT Margin (%) (J=I/F)</b>	<b>0.02%</b>	<b>2.64%</b>	<b>-6.79%</b>

### Adjusted EBIT, Adjusted EBIT Margin (%)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss)/ profit before share of (loss)/ profit of an associate, exceptional item and tax (A)	(192.44)	2,250.00	(1,804.23)
Finance costs (B)	506.14	462.46	166.55
<b>EBIT (C=A+B)</b>	<b>313.70</b>	<b>2,712.46</b>	<b>(1,637.68)</b>
Fair value changes to the financial instrument (D)	3,577.74	(439.69)	4,941.74
<b>Adjusted EBIT (E=C+D)</b>	<b>3,891.44</b>	<b>2,272.77</b>	<b>3,304.06</b>
Total income (F)	42,122.07	37,009.25	36,945.23
<b>Adjusted EBIT Margin (%) (G=E/F)</b>	<b>9.24%</b>	<b>6.14%</b>	<b>8.94%</b>

### Adjusted EBITDA and Adjusted EBITDA Margin (%)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss)/ profit before share of (loss)/ profit of an associate, exceptional item and tax (A)	(192.44)	2,250.00	(1,804.23)
Finance costs (B)	506.14	462.46	166.55
<b>EBIT (C=A+B)</b>	<b>313.70</b>	<b>2,712.46</b>	<b>(1,637.68)</b>
Depreciation and amortisation expense (D)	1,256.40	1,128.09	946.79
<b>EBITDA (E=C+D)</b>	<b>1,570.10</b>	<b>3,840.55</b>	<b>(690.89)</b>
Fair value changes to the financial instrument (F)	3,577.74	(439.69)	4,941.74
<b>Adjusted EBITDA (G=E+F)</b>	<b>5,147.84</b>	<b>3,400.86</b>	<b>4,250.85</b>
Total income (H)	42,122.07	37,009.25	36,945.23
<b>Adjusted EBITDA Margin (%) (I=G/H)</b>	<b>12.22%</b>	<b>9.19%</b>	<b>11.51%</b>





Net worth, Return on net worth (%), Net Asset value per equity share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Equity share capital (A)	286.13	286.13	143.07
Other equity (B)	6,808.85	6,885.76	6,076.69
<b>Net worth / (Equity attributable to equity holders of the Parent) (C = A+B)</b>	<b>7,094.98</b>	<b>7,171.89</b>	<b>6,219.76</b>
(Loss)/ profit attributable to equity holders of the parent for the year (D)	(40.35)	948.55	(2,525.36)
<b>Return on Net worth (%) (E=D/C)</b>	<b>-0.57%</b>	<b>13.23%</b>	<b>-40.60%</b>
Weighted average number of equity shares outstanding during the year (F)	143,064,350	143,064,350	143,064,350
<b>Net asset value per equity share (G=C/F)</b>	<b>49.59</b>	<b>50.13</b>	<b>43.48</b>

Return on Equity (%)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss)/ profit for the year (A)	7.90	978.17	(2,508.74)
Total equity (B)	7,204.86	7,233.74	6,251.71
<b>Return on equity (%) (C=A/B)</b>	<b>0.11%</b>	<b>13.52%</b>	<b>-40.13%</b>

Adjusted return on equity (%)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/ (loss) for the year (A)	7.90	978.17	(2,508.74)
Fair value changes to the financial instrument (B)	3,577.74	(439.69)	4,941.74
<b>Adjusted Profit/ (loss) for the year (C=A+B)</b>	<b>3,585.64</b>	<b>538.48</b>	<b>2,433.00</b>
Total equity (D)	7,204.86	7,233.74	6,251.71
Put option liability (E)	13,653.78	10,076.04	10,515.74
<b>Adjusted total equity (F=D+E)</b>	<b>20,858.64</b>	<b>17,309.78</b>	<b>16,767.45</b>
<b>Adjusted Return on equity (%) (G=C/F)</b>	<b>17.19%</b>	<b>3.11%</b>	<b>14.51%</b>

Return on Capital employed (%)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss)/ profit before share of (loss)/ profit of an associate, exceptional item and tax (A)	(192.44)	2,250.00	(1,804.23)
Finance costs (B)	506.14	462.46	166.55
<b>EBIT (C=A+B)</b>	<b>313.70</b>	<b>2,712.46</b>	<b>(1,637.68)</b>
Non-current borrowings (D)	782.97	1,154.96	133.33
Current borrowings (E)	4,132.58	4,214.77	3,446.20

