

T A M S & C O L L P

CHARTERED ACCOUNTANTS

CERTIFICATE ON WORKING CAPITAL REQUIREMENTS

Date: July 24, 2024

To

The Board of Directors,
Akums Drugs and Pharmaceuticals Limited
Plot No 131 to 133, Block C
Mangolpuri Industrial Area
Phase 1, New Delhi - 110083

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
1st 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")

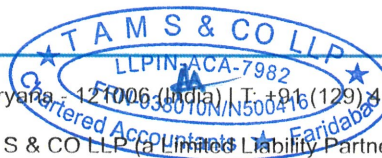
Re: Proposed initial public offering of equity shares of face value of ₹ 2 each ("Equity Shares") by Akums Drugs and Pharmaceuticals Limited (the "Company") and such offering (the "Offer")

We, T A M S & C O L L P, Chartered Accountants, an independent chartered accountant engaged by the Company for the purpose of the Offer, have received a request from the Company to verify and certify the existing working capital and funding requirements of the Company and its Subsidiaries.

We have reviewed the restated consolidated financial statements of the Company and its subsidiaries as of and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 and the business estimations for the financial years ending on March 31, 2025, March 31, 2026, and March 31, 2027 and other relevant records of the Company and its subsidiaries as submitted to us.

Regd. Office: F-1/13, DLF Sector-10, Faridabad, Haryana - 121006 (India) | T: +91 (129) 4014699

G T K & C O (a partnership firm) converted into T A M S & C O L L P (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 & C O L L P, its ICAI Registration number is 038010N/N500416 (ICAI Registration number before conversion was 038010N).



Based on the abovementioned procedures and information, we certify the following:

Existing working capital

The details of composition of net current assets as at March 31, 2024, March 31, 2023, March 31, 2022 for the Company and its Subsidiaries are as under:

| | Particulars | As at | | |
|-------------|--|------------------|------------------|------------------|
| | | March 31, 2022 | March 31, 2023 | March 31, 2024 |
| I. | Current assets | | | |
| A. | Inventories | 7,224.48 | 7,297.95 | 6,304.25 |
| B. | Financial assets: | | | |
| | (i) Trade receivables | 8,843.12 | 8,450.87 | 8,338.12 |
| | (ii) Loans | - | 73.73 | - |
| | (iii) Others financial assets | 208.01 | 152.30 | 233.13 |
| C. | Current tax assets (net) | - | 114.05 | - |
| D. | Other current assets | 1,336.55 | 1,199.93 | 1,761.78 |
| | Total current assets (I) excluding cash and bank balances | 17,612.16 | 17,288.83 | 16,637.28 |
| II. | Current liabilities | | | |
| A. | Financial liabilities | | | |
| | (i) Lease liability | 66.22 | 72.41 | 57.65 |
| | (ii) Trade payables | 5,896.66 | 5,671.39 | 5,321.32 |
| | (ii) Other financial liabilities | 702.09 | 628.10 | 1,581.37 |
| B. | Other current liabilities | 1,545.77 | 1,421.95 | 432.27 |
| C. | Provisions | 589.24 | 459.37 | 565.98 |
| D. | Current tax liabilities (net) | 478.00 | 187.68 | 14.35 |
| | Total current liabilities (II) | 9,277.98 | 8,440.90 | 7,972.94 |
| III. | Net current assets (III) = [(I) - (II)] | 8,334.18 | 8,847.93 | 8,664.34 |
| IV. | Funding pattern | | | |
| A. | Borrowings from banks* | 3,379.34 | 3,875.52 | 3,676.95 |
| B. | Internal accruals or equity | 4,954.84 | 4,972.41 | 4,987.39 |

*other than current maturities of non-current borrowings

Future working capital requirements

On the basis of the existing working capital requirements, management estimates and projected working capital requirements, the Board has, pursuant to its resolution dated 7 February 2024, approved the projected working capital requirements for the financial year ended March 31, 2025 and the proposed funding of such working capital requirements of the Company and its subsidiaries, as set out below:

| S. No | Particulars | (₹ in million) For the financial year ending on March 31, 2025 |
|------------|--|---|
| I. | Current assets | |
| A. | Inventories | 8,690.97 |
| B. | Trade receivables | 10,758.07 |
| C. | Other financial assets | 263.51 |
| D. | Other current assets | 786.72 |
| | Total current assets (I) excluding cash and bank balances | 20,498.97 |
| II. | Current liabilities | |
| A. | Lease liability | 58.65 |
| B. | Trade payables | 7,249.75 |
| C. | Other financial liabilities | 1,217.94 |



| S. No | Particulars | For the financial year ending on March 31, 2025 |
|-------|---|---|
| D. | Other current liabilities | 524.54 |
| E. | Provisions | 570.74 |
| F. | Current tax liabilities (net) | 96.72 |
| | Total current liabilities (II) excluding borrowings | 9,718.35 |
| | | |
| III. | Total working capital requirement (III) = (I) - (II) | 10,780.62 |
| IV. | Fund pattern | |
| A. | Working Capital Facilities | 4,879.53 |
| B. | Internal accruals or equity | 5351.09 |
| C. | Usage from Net Proceeds | 550.00 |
| | | |

Key assumptions for working capital projections

Holding levels

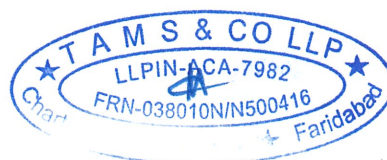
The details of the holding levels (with days rounded to the nearest whole number) for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 and the estimated holding levels (with days rounded to the nearest whole number) as projected for the financial year ended March 31, 2025 are as under:

| Particulars | No of days for the Fiscal ended March 31, 2022 (Actual) | No of days for the Fiscal ended March 31, 2023 (Actual) | No of days for the Fiscal ended March 31, 2024 (Actual) | No of days for the Fiscal ended March 31, 2025 (Assumed) |
|-------------------------------|---|---|---|--|
| A. Current Assets | | | | |
| (a) Inventory | 112 | 117 | 90 | 108 |
| (b) Trade Receivables | 88 | 84 | 73 | 80 |
| (c) Other current Assets | 15 | 15 | 17 | 8 |
| B. Current Liabilities | | | | |
| (a) Trade payables | 78 | 75 | 64 | 75 |
| (b) Other current Liabilities | 45 | 36 | 32 | 25 |

Key Assumptions for Holding levels:

The table below sets forth the key justifications for holding levels:

| Particulars | Assumptions |
|----------------------|---|
| Inventories | This has been taken as a % to the cost of goods sold in each segment in which they are operating. Inventories include raw materials, finished goods, packing material, work in progress, stores and spares etc. Our Company had maintained inventory days of 112 days in Fiscal 2022, 117 days in Fiscal 2023 and 90 days in the Fiscal 2024. It is anticipated to be 108 days for Fiscal 2025. |
| Trade receivables | This has been calculated as a % of sales. Our Company had maintained trade receivable days of 88 days in Fiscal 2022, 84 days in Fiscal 2023 and 73 days in Fiscal 2024. Our Company anticipates to reduce trade receivables by improving collection efficiency and by bringing down the DSO ("Daily Sales Outstanding") and project trade receivables days to 80 days for Fiscal 2025. |
| Other current assets | Other current assets include investments, loans, other financial assets, current tax assets (net) and other current assets. For Fiscal 2022, Fiscal 2023 and Fiscal 2024, our Company's other current assets were 15 days, 15 days and 17 days, respectively. It is anticipated to be at 8 days for Fiscal 2025. |
| Trade payable | This has been calculated as a % of cost of material consumed and other expenses. Our Company had maintained trade payable days of 78 days in Fiscal 2022, 75 |



| Particulars | Assumptions |
|---------------------------|--|
| | days in Fiscal 2023 and 64 days for Fiscal 2024. It is projected to be 75 days for the Fiscal 2025. |
| Other current liabilities | Other current liabilities include lease liability, other financial liabilities, other current liabilities, provisions and current tax liabilities (net). For Fiscal 2022, Fiscal 2023 and for Fiscal 2024, our Company's other current liabilities were 45 days, 36 days and 32 days, respectively. It is anticipated to be at 25 day for Fiscal 2025. |

Based on our examination and as per information and explanation given to us, we confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

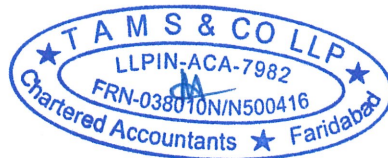
We have conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics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

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, 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 BRLMs in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLMs may wish to advance in any claim or proceeding in connection with the contents of the offer documents.

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.

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.

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 BKAVEZ 9603



Cc:

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