

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF Aarti USA INC

Opinion

We have audited the accompanying Special Purpose Financial Statements of Aarti USA INC (hereinafter referred to as "the Company") which comprise the Balance Sheet as at March 31st, 2025 the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. These Special Purpose Financial Statements have been prepared by the management of Company per the basis of preparation as described therein, solely for the purpose of preparation of the consolidated financial statements of its holding company, Aarti Pharmalabs Limited.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Financial Statements of the Company for the year ended March 31st, 2025 are prepared, in all material respects, in accordance with the basis of preparation of the Special Purpose Financial Statements as disclosed therein and accordingly provide a true and fair view of state of affairs of the Company as at March 31st, 2025, and its Loss, total comprehensive income, its cash flows and statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of these Special Purpose Financial Statements in accordance with the Standards on Auditing ('SAs') issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of these Special Purpose Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.



Management's Responsibility for the Special Purpose Financial Statements

The Management of the Company is responsible with respect to the preparation of the Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive Income, cash flows and statement of changes in equity of the Company in accordance with the basis of preparation of these Special Purpose Financial Statements as described therein.

The Management of the Company is responsible for maintenance of adequate accounting records, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The Management of the Company are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether these Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Special Purpose Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Restriction on Distribution and Use

The Special Purpose Financial Statements have been prepared for the limited purpose of preparation of the consolidated financial statements of Aarti Pharmalabs Limited, the holding company of the Company. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. Our report is intended solely for the internal use of the Company and Aarti Pharmalabs Limited.

For Rishabh S Vora & Co.
Chartered Accountants

ICAI Firm Registration No: 153261W



CA Rishabh S Vora
Proprietor

Membership No: 199416

Date: 06th May 2025

Place: Mumbai

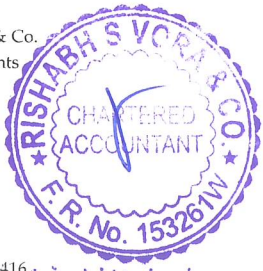
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**AARTI USA INC.**

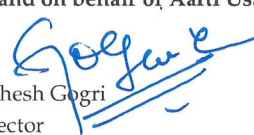
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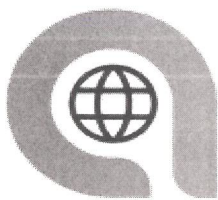
(Rs in Lakhs)

AARTI USA INC			
Balance Sheet as at 31st Mar, 2025			
Particulars	Note No.	As at 31st Mar 2025	As at 31st March, 2024
A ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment		3.56	17.38
(b) Capital Work-in-Progress		-	-
(c) Right to use Assets		-	-
(c) Other Intangible Assets		-	-
(d) Financial Assets			
(i) Investments	2	160.28	646.43
(ii) Loan		-	-
(ii) Other Financial Assets	3	25.13	24.52
(g) Other Non-Current Assets		-	-
Total Non-Current Assets		188.97	688.33
2 Current Assets			
(a) Inventories	4	1,611.78	4,770.20
(b) Financial Assets			
(i) Investment			
(i) Trade Receivables	5	543.91	4,503.57
(ii) Cash and Cash Equivalents	6	353.53	1,649.47
(iii) Bank Balance Other than Cash and Cash Equivalents		-	-
(iv) Loans		-	-
(v) Other Financial Assets		-	-
(c) Other Current Assets		-	-
Total Current Assets		2,509.22	10,923.24
TOTAL ASSETS		2,698.18	11,611.57
B EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	7	65.76	65.76
(b) Other Equity	8	(262.97)	26.36
Total Equity		(197.21)	92.12
2 LIABILITIES			
Non-Current Liabilities			
(iii) Provision		-	-
(b) Deferred Tax Liabilities (Net)		-	-
Total Non-Current Liabilities		-	-
Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities		-	-
(ii) Trade Payables Due to			
- Micro and Small Enterprises		-	-
- Other Than Micro and Small Enterprises	9	2,755.69	11,447.85
(iii) Others Financial Liabilities			
(b) Provisions	10	67.44	71.60
(c) Current Tax Liabilities (Net)		72.25	-
(d) Other Current Liabilities	10A	-	-
Total Current Liabilities		2,895.39	11,519.45
Total Liabilities		2,895.39	11,519.45
TOTAL EQUITY AND LIABILITIES		2,698.18	11,611.57
Significant Accounting Policies	1		
Accompanying Notes to the Financial Statements	1-17	-	-
As per our report of even date			
For Rishabh S Vora & Co. Chartered Accountants FRN: 153261W  CA Rishabh S Vora Proprietor Membership No: 199416 Date :- 6th May, 2025 Place: Mumbai  For and on behalf Aarti Usa Inc  Rashesh Gogri Director Place :- Mumbai - India Date :- 6th May, 2025			

**AARTI USA INC.**

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AARTI USA INC				
Statement of Profit and Loss for the year ended 31st March, 2025				
(Rs in Lakhs)				
		12 Month Ended		
Particulars		Note No.	For the Year ended 31st Mar,25	For the Year ended 31st Mar,24
I	Revenue from Operations	11	21,016.77	19,252.98
II	Other Income		1.59	-
	Total Income (I+II)		21,018.36	19,252.98
III	EXPENSES			
	(a) Cost of Materials Consumed			
	(b) Purchase of Stock In trade	12	14,893.50	16,824.27
	(c) Changes in inventories of finished goods, Stock-in-Trade	13	3,158.42	568.29
	(d) Employee Benefits Expense	14	127.30	139.92
	(e) Finance Costs	15	84.42	1.16
	(f) Depreciation and Amortisation Expenses	16	14.08	10.31
	(g) Other Expenses	17	2,381.70	1,587.95
	Total Expenses (IV)		20,659.42	19,131.90
IV	Profit before Exceptional Items and Tax (III-IV)		358.94	121.09
V	Exceptional Items			
VI	Profit before Tax (III-IV)		358.94	121.09
VI	TAX EXPENSE			
	Current Tax		72.25	1.75
	Total Tax Expenses		72.25	1.75
VII	Profit for the year (V-VI)		286.69	119.34
VIII	OTHER COMPREHENSIVE INCOME			
	a. Items that will not be reclassified to Statement of Profit and Loss			
	- Fair Value Change of Equity Instruments through Other Comprehensive Income (Net of Tax)		(496.11)	-
	- Gain / Loss on Transalation of Foreign Subsidiary operations		(79.90)	(58.44)
	b. Items that will be reclassified to Statement of Profit and Loss			
	Other Comprehensive Income (Net of Tax)		(576.01469)	(58.44)
IX	TOTAL COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX (VII+VIII)		(289.32)	60.90
	Significant Accounting Policies	1		
	Accompanying Notes to the Financial Statements	1-17		
As per our report of even date				
For Rishabh S Vora & Co. Chartered Accountants FRN: 153261W			For and on behalf of Aarti Usa Inc	
 CA Rishabh S Vora Proprietor Membership No: 199416 Date :- 6th May,2025 Place: Mumbai, India			 Rashesh Gogri Director Place :- Mumbai - India Date :- 6th May,2025	



AARTI USA INC.

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Standalone Statement of Changes in Equity for the Period Ended 31st Mar 2025

A. Equity Share Capital

(Rs in Lakhs)

Particulars	Amount
As at 31st March, 2022	65.76
Changes in equity share capital during the year 2021-22	-
As at 31st March, 2023	65.76
Changes in equity share capital during the year 2023-24	-
As at 31st March, 2024	65.76
Changes in equity share capital during the year 2023-24	-
As at 31st March, 2025	65.76

B. Other Equity

(Rs in Lakhs)

Particulars	Retained Earnings	Other Comprehensive Income	Foregin Currency Translation Reserve	Total
Balance as at 31st Mar, 2022	(39.70)	-	-	(39.70)
Profit / loss for the year	279.87	-	-	279.87
Foregin Currency Translation Reserve			(274.72)	(274.72)
Balance as at 31st Mar, 2023	240.17	-	(274.72)	(34.55)
Profit / loss for the year	119.34	-	-	119.34
Foregin Currency Translation Reserve			(58.44)	(58.44)
Balance as at 31st Mar, 2024	359.51	-	(333.16)	26.36
Profit / loss for the year	286.69		-	286.69
Other Comprehensive Income		(496.11)	-	(496.11)
Foregin Currency Translation Reserve			(79.90)	(79.90)
Balance as at 31st Mar, 2025	646.20	(496.11)	(413.06)	(262.97)

As per our report of even date

For Rishabh S Vora & Co.
Chartered Accountants
FRN: 153261W

CA Rishabh S Vora
Proprietor
Membership No: 199416
Date :- 6th May, 2025
Place: Mumbai



For and on behalf Aarti Usa Inc

Rashesh Gogri
Director
Place :- Mumbai - India
Date :- 6th May, 2025



AARTI USA INC.

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(Rs in Lakhs)

AARTI USA INC			
Cash Flow Statement for the Year Ended 31st March 2025			
Sr. No.	Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	358.94	121.09
	Adjusted for:		
	- Finance Costs	84.42	1.16
	- Depreciation/ Amortisation	14.08	10.31
	- Loss on Sales of Investments	-79.90	-
	Operating Profit before Working Capital Changes	377.54	132.55
	Adjusted for:		
	- (Increase)/Decrease in Trade and Other Receivables	3,959.05	-1,094.09
	- (Increase)/Decrease in Inventories	3,158.42	568.29
	- Increase/(Decrease) in Trade Payables and Other Current Liabilities	-8,634.28	1,480.26
	Cash Generated from Operations	-1,139.27	1,087.01
	Taxes Paid (Net)	-72.25	-1.75
	Net Cash Flow from Operating Activities	-1,211.52	1,085.27
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Spent on Property, Plant and Equipment and Capital Work In Progress		-
	Investments under Intangible assets under Development	-	-
	Other Investments		-
	Net Cash Flow used in Investing Activities	0.00	-
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds/(Repayment) from Current Borrowing (Net)		
	Finance Costs	-84.42	-1.16
	Net Cash Flow from/(used in) Financing Activities	-84.42	-1.16
	Net Increase/(Decrease) in Cash and Cash Equivalents	-1,295.94	1,084.11
	Opening Balance of Cash and Cash Equivalents	1,649.47	565.36
	Closing Balance of Cash and Cash Equivalents	353.53	1,649.47

Notes:

- 1 The accompanying notes are an integral part of the Ind AS financial statements.
- 2 The above Cash Flow Statement has been prepared under "Indirect Method" set out in Ind AS-7, issued by Institute of Chartered Accountants of India.
- 3 **Cash and Cash Equivalents comprises of:**

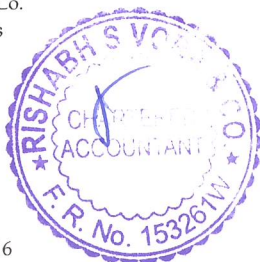
Particulars	For the Year Ended 31st March, 2025	For the Year Ended 31st March, 2024
a. Cash on Hand		
b. Bank Balance in Current account	353.53	1,649.47
Total	353.53	1,649.47

As per our report of even date

For Rishabh S Vora & Co.
Chartered Accountants
FRN: 153261W



CA Rishabh S Vora
Proprietor
Membership No: 199416
Date :- 6th May, 2025
Place: Mumbai



For and on behalf Aarti Usa Inc



Rashesh Gogri
Director
Place :- Mumbai - India
Date :- 6th May, 2025

2 Investments (Rs in Lakhs)

Particulars	As at 31st March 2025	As at 31st March 2024
Derma Touch Inc	160.28	521.31
Invatech		125.12
TOTAL	160.28	646.43

3 Other Financial Assets

Particulars	As at 31st March 2025	As at 31st March 2024
Deposits	25.13	24.52
TOTAL	25.13	24.52

4 Inventories

Particulars	As at 31st March 2025	As at 31st March 2024
Stock in Trade	1,611.78	4,770.20
TOTAL	1,611.78	4,770.20

5 Trade Receivables

Particulars	As at 31st March 2025	As at 31st March 2024
Trade Receivables	543.91	4,503.57
TOTAL	543.91	4,503.57

6 Cash and Cash Equivalents

Particulars	As at 31st March 2025	As at 31st March 2024
Cash on hand	2.05	0.00
Balances with Banks	351.48	1,649.47
TOTAL	353.53	1,649.47

8 Other Equity

Particulars	As at 31st March 2025	As at 31st March 2024
Opening Stock	26.36	(34.55)
Add: Profit / Loss for the year	(289.32)	60.90
TOTAL	(262.97)	26.36

9 Trade Payables

Particulars	As at 31st March 2025	As at 31st March 2024
- Micro and Small Enterprises		
- Other Than Micro and Small Enterprises	2,755.69	137.25
TOTAL	2,755.69	137.25

10 Provisions

Particulars	As at 31st March 2025	As at 31st March 2024
Outstanding Provision	67.44	71.60
Other Current Liabilities (10A)	0.00	-
Current Tax Liabilities (Net)	72.25	-
TOTAL	139.69	71.60



11 Revenue from Operations

(Rs in Lakhs)

Particulars	As at 31st March 2025	As at 31st March 2024
Sale of Manufactured Products	21,016.77 1.59	19,252.98
Total	21,016.77	19,252.98

12 Purchase of Stock In trade

Particulars	As at 31st March 2025	As at 31st March 2024
Purchase of Traded Goods	14,893.50	16,824.27
Total	14,893.50	16,824.27

13 Changes in inventories of finished goods, Stock-in-Trade

Particulars	As at 31st March 2025	As at 31st March 2024
Opening Stock	4,770.20	5,338.49
Closing Stock	1,611.78	4,770.20
Total	3,158.42	568.29

14 Employee Benefits Expense

Particulars	As at 31st March 2025	As at 31st March 2024
Salaries and wages	127.30	139.92
Total	127.30	139.92

15 Finance Costs

Particulars	As at 31st March 2025	As at 31st March 2024
Bank Charge	84.42	1.16
Total	84.42	1.16

16 Depreciation

Particulars	As at 31st March 2025	As at 31st March 2024
Depreciation/Impairment on Property, Plant and Equipment	14.08	10.31
Total	14.08	10.31

17 Other Expenses

Particulars	As at 31st March 2025	As at 31st March 2024
Storage & Handling Chrg	2,381.70	1,542.12
Other Direct Cost	0.00	45.83
Bond Transfer Duty	-	-
Rates & Taxes	-	-
Total	2,381.70	1,587.95



Significant Accounting Policies:**a Accounting Convention**

The Company has prepared the balance sheet as per Ind AS by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets and liabilities which are not permitted by Ind AS and applying Ind AS in measurement of Recognised assets and liabilities.

b Use of Estimate

The preparation of financial statements requires the management estimates and assumptions to be made that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

c Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d Revenue Recognition**Sale of goods**

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include sales tax and value added tax.

Other Incomes

Other incomes are accounted for on accrual basis except when the recovery is uncertain, it is accounted for on receipt basis.

e Provisions and Contingencies:

A provision is recognized when the company has legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate the amount of the obligation. A contingent liability is disclosed when the company has possible or present obligation where it is not certain that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

