

M.K. DANDEKER & CO LLP

Chartered Accountants

Phone : +91-44-43514233
E-mail : admin@mkdandeker.com
Web : www.mkdandeker.com

No.185 (Old No.100) 2nd Floor,
Poonamallee High Road,
Kilpauk, CHENNAI - 600 010.

CERTIFICATE ON FINANCIAL INDEBTEDNESS

Date: January 23, 2025

To,

The Board of Directors,
Dr. Agarwal's Health Care Limited
1st Floor, Buhari Towers,
No.4, Moores Road, Off Greams Road,
Near Asan Memorial School,
Chennai - 600006,
Tamil Nadu, India

Kotak Mahindra Capital Company Limited
27BKC, 1st Floor, Plot No. C - 27
"G" Block, Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051

Jefferies India Private Limited
Level 16, Express Towers,
Nariman Point
Mumbai 400 021
Maharashtra, India

Morgan Stanley India Company Private Limited
Altimus, Level 39 & 40,
Pandurang Budhkar Marg, Worli
Mumbai 400013
Maharashtra, India

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot
Prabhadevi, Mumbai - 400 025
Maharashtra, India

(Kotak Mahindra Capital Company Limited, BofA Securities India Limited, Jefferies India Private Limited, Morgan Stanley India Company Private Limited and Motilal Oswal Investment Advisors Limited are collectively referred to as the "Book Running Lead Managers" or the "BRLMs")



Branches : AHMEDABAD, BENGALURU, CHENNAI, HYDERABAD

M.K. Dandeker & Co., a partnership firm converted into M.K. Dandeker & Co LLP
(A Limited Liability Partnership with LLP Identification No:ACA-6550) with effect from 19-04-2023

Re: Proposed initial public offering of equity shares of face value of ₹ 1 each (the "Equity Shares") by Dr. Agarwal's Health Care Limited (the "Company") and such offering (the "Offer")

We, **M.K. Dandeker & Co. LLP**, Independent Chartered Accountants engaged by the Company for the purpose of the Offer, have verified the restated consolidated financial information of the Company and its subsidiaries as at and for the six-month periods ended September 30, 2024, September 30, 2023 and financial years ended March 31, 2024, March 31, 2023, March 31, 2022, loan agreements and sanction letters approved by the banks / financial institutions, confirmations on outstanding loan amount from group companies, bank statements and bank balance confirmations on outstanding loan amount, returns of charges filed by the Company with the registrar of companies, the minutes of the committee meetings, board meetings and shareholders' meetings of the Company and other relevant records and have performed the following procedures:

- 1) Review of restated consolidated financial information of the Company and its subsidiaries as at and for the six-month periods ended September 30, 2024, September 30, 2023 and financial years ended March 31, 2024, March 31, 2023, March 31, 2022, along with relevant accounting records as on **December 31, 2024** ("Cut-off date").
- 2) Review of loan agreements, sanction letters and bank statements in respect of all the borrowings availed by the Company and its Subsidiaries as on cut-off date.
- 3) Obtaining balance confirmations from banks regarding balances and outstanding loans as on cut-off date along with bank reconciliation statements for the same.
- 4) Review of the minutes of the committee meetings, board meetings and shareholders' meetings of the Company and other relevant records.

On the basis of such verification and according to information and explanation given to us, we certify the following:

The summary of the borrowings sanctioned to the Company and its subsidiaries and outstanding, as of **December 31, 2024** is stated in **Annexure A**.

The principal terms of the loans and assets charged as security by the Company and its subsidiaries are stated in **Annexure B**.

Except as stated in **Annexure C**, the Company and its subsidiaries have not provided any guarantees for the repayment of any loans availed by other entities.

We confirm and certify that, as on the date of this certificate, all the subsidiaries of the Company do not have any outstanding indebtedness except as provided in **Annexure A**.

Except as provided in **Annexure A** and **Annexure C**, we confirm that there are no other loans or facilities availed by the Company or its subsidiary or any guarantee extended by the Company or its subsidiaries.

We also confirm that, as on the date of this certificate, none of the banks or institutions from whom the Company or its subsidiary have availed of debt facilities, have accelerated payment of the



facility in full or in part on account of default in the repayment in any instalment or interest due or for violation of any other terms of any of the outstanding loans/ debt facilities granted to the Company or any of its subsidiary.

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 (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 defence the Book Running Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

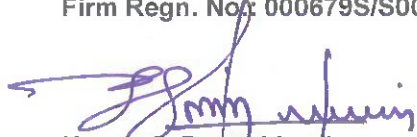
This certificate may be relied on by the Company, the BRLMs, their affiliates and legal counsel in relation to the Offer.

We undertake to update you in writing of any changes in the abovementioned position informed to us by the management of the Company in writing, until the date the Equity Shares issued pursuant to the Issue 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 M.K. Dandeker & Co. LLP
Chartered Accountants
Firm Regn. No: 000679S/S000103



Name: S. Popsaidurai
Designation: Partner
Membership Number: 223754
Date: January 23, 2025
Place: Chennai
UDIN: 25223754BMHWUO5464



Cc:

Domestic Legal Counsel to the BRLMs

S&R Associates

One World Center
1403 Tower 2 B
841, Senapati Bapat Marg, Lower Parel
Mumbai - 400013
Maharashtra, India

International Legal Counsel to the BRLMs

Sidley Austin LLP

Level 31
Six Battery Road
Singapore 049909

Domestic Legal Counsel to the Company

Cyril Amarchand Mangaldas

3rd Floor
Prestige Falcon Towers 19
Brunton Road
Bengaluru 560 025
Karnataka, India



ANNEXURE A

**Borrowings sanctioned to the Company and its Subsidiaries and outstanding
as of December 31, 2024**

Particulars	Sanctioned Amount (₹ in million)	Amount Outstanding ⁽³⁾ as on December 31, 2024 (₹ in million)
Company		
a) Fund Based facilities		
i) Term Loans	3,700.00	2,796.68
ii) Overdraft Facilities	70.00	-
iii) Cash Credit facility	-	-
iv) Short-term revolving loan	-	-
b) Non-Fund Based facilities	175.00	-
Total Borrowings of Company (A)	3,945.00	2,796.68
Subsidiaries		
a) Fund Based facilities		
i) Term Loans	⁽¹⁾ 1,208.05	808.76
ii) Overdraft Facilities	60.50	-
iii) Cash Credit facility	-	-
iv) Short-term revolving loan	-	-
b) Non-Fund Based facilities	-	-
Total Borrowings of Subsidiaries (B)	1,268.55	808.76
Total Borrowings ⁽²⁾ (A+B)	5,213.55	3,605.44

Note:

⁽¹⁾ Out of the said sanctioned amount of Rs. 1,208.05 million, sanction amounting to Rs. 306.34 million has not been availed by the Subsidiaries.

⁽²⁾ All the aforementioned borrowings are Secured Borrowings.

⁽³⁾ The aforementioned outstanding balances as on December 31, 2024 has not been adjusted to reflect the effects of Indian Accounting Standards (Ind AS) and are derived from the balance confirmations provided by banks.



ANNEXURE B

Principal terms of the loans and assets charged as security by the Company and its subsidiaries

1) Principal terms of the Company's outstanding borrowings:

1. **Tenor:** The tenor of the Borrowings varies from one type of facility to the other. Typically, the tenor of the fund and non-fund based facilities ranges between a period of 90 days to 96 months, with some loans subject to renewal.
2. **Security:** All working capital facilities and the term loan, availed by the company, are secured. In terms of the borrowings where security needs to be created, the company are typically required to create security by way of:
 - a) exclusive charge on the entire asset of the Company;
 - b) pari passu charge on the fixed asset of the Company;
 - c) pari passu charge on pledging of individual promoter shares;
 - d) a first pari passu charge by way of hypothecation and/or pledge of the current assets; and
 - e) personal guarantees by Amar Agarwal, Athiya Agarwal, Adil Agarwal, Anosh Agarwal, Ashvin Agarwal.
3. **Interest:** The interest rates for the facilities are typically linked to benchmark rates, such as the repo rate prescribed by the RBI, treasury bill rate and Marginal Cost of funds-based Lending Rate ("MCLR") of the specific lender plus a spread per annum is charged above these benchmark rates and are subject to mutual discussion between the relevant lender and the Company. The interest rate for the working capital facilities and term loans availed by the company ranges from 6.50% per annum to 9.52% per annum as per the sanction letters and may vary as per changes in benchmark rates.
4. **Pre-payment:** In relation to our Borrowings, certain lenders may charge prepayment penalty of up to 4% or at such other rate as may be advised by the lender in the sanction letter or at such rate as may be advised by the lender at the time of request for prepayment of outstanding principal amount together with interest due in full or in part before the due dates. Further, for certain facilities we are required to provide prior notice of minimum 7 to 90 days before pre-paying the loan amount.
5. **Repayment:** The credit facilities of the company are typically repayable in accordance with the sanction letters and facility agreement executed and may vary from facility to facility. The general repayment terms of the company are:
 - a) Graduated Payouts, with monthly interest;
 - b) Equated Monthly Payouts
 - c) Principal Monthly, with monthly interest; Principal Quarterly, with monthly interest;
 - d) Repayable on demand
6. **Restrictive covenants:** The loans availed by the Company contains certain restrictive covenants, which require prior written consent of the lender, or prior intimation to be made to the lender for certain specified events or corporate actions, including, among others, are:



- a) Change in the constitutional documents;
- b) Change in the ownership, management or control;
- c) Change in capital structure;
- d) Change in Directors, Key Managerial Personnel or board composition;
- e) For entering into any borrowing arrangement with other banks, financial institutions or companies;
- f) Convert outstanding obligations under the facility into equity capital or other securities in stressed situation or restructuring situation of debt;
- g) Enter into any scheme of merger, de-merger, amalgamation, etc.; and
- h) Disposal of assets other than those permitted by the lender.

7. Events of Default: In terms of the facility agreements and sanction letters, the following, among others, constitute as events of default:

- a) Breach of any terms and conditions, including financial covenants in the loan documents;
- b) Failure or inability to pay amount on due dates;
- c) Change in the ownership, management or control;
- d) Cross default under other financing arrangements entered into with the lenders
- e) Any notice in relation to liquidation, dissolution, bankruptcy or insolvency;
- f) The security for the facilities is in jeopardy;
- g) Change of general nature or cessation of business; and
- h) Management of the Company ceases to enjoy the confidence of the lenders.

8. Consequences of occurrence of events of default: In terms of the facility agreements and sanction letters, in case of occurrence of events of default set out above, the Subsidiaries' lenders may, among others:

- a) Terminate either whole or part of the facility;
- b) Declare any or all amounts under the facility, either whole or in part, as immediately due and payable to the lender;
- c) Enforce security;
- d) Appoint a nominee director on the Board of Directors; and
- e) Convert outstanding obligations under the facility into equity capital or other securities.

II) Principal terms of the Subsidiaries' outstanding borrowings:

- 1. Tenor:** The tenor of the borrowings varies from one type of facility to the other. Typically, the tenor of the fund and non-fund-based facilities is generally between the period of 12 to 120 months subject to renewal.
- 2. Interest:** The interest rates for the facilities are typically linked to benchmark rates, such as the repo rate prescribed by the RBI, treasury bill rate, SBM Prime Lending Rate and Marginal Cost of funds-based Lending Rate ("MCLR") of the specific lender plus a spread per annum is charged above these benchmark rates and are subject to mutual discussion between the relevant lender and the Company. The interest rate for the working capital facilities and term loans availed by the company ranges from 7.05% per annum to 9.50% per annum as per the sanction letters and may vary as per changes in benchmark rates.



3. **Security:** The borrowings require the Company to create security, typically by way of, among other things:

- a) First and exclusive charge over the fixed assets including the plant and machinery owned by the Subsidiary;
- b) Hypothecation on entire current assets along with movable and fixed assets proposed or already purchased out of the term loans; and
- c) Corporate and personal guarantees provided by the Company and its Promoters.

4. **Repayment:** The credit facilities of the company are typically repayable in accordance with the sanction letters and facility agreement executed and may vary from facility to facility. The general repayment terms of the company are:

- a) Graduated Payouts, with monthly interest;
- b) Equated Monthly Payouts;
- c) Principal Monthly, with monthly interest;
- d) Principal Quarterly, with monthly interest;
- e) Repayable on demand.

5. **Restrictive covenants:** The loans availed by the Subsidiaries contains certain restrictive covenants, which require prior written consent of the lender, or prior intimation to be made to the lender for certain specified events or corporate actions, including:

- a) Change in the ownership, management or control;
- b) Change in capital structure;
- c) Change of general nature or cessation of business;
- d) Change in the constitutional documents;
- e) Change in the constitutional documents of the holding company, which may adversely affect any rights of the lender under the financing documents; and
- f) Disposal of assets other than those permitted by the lender.

6. **Events of Default:** In terms of the facility agreements and sanction letters, the following, among others, constitute as events of default:

- a) Breach of any terms and conditions, including financial covenants in the loan documents;
- b) Failure or inability to pay amount on due dates;
- c) Any notice in relation to liquidation, dissolution, bankruptcy or insolvency;
- d) The security for the facilities is in jeopardy;
- e) Cross default under other financing arrangements entered into with the lender; and
- f) failure to pay any amount under any order or decree or judgment which results in material adverse effect.

7. **Consequences of occurrence of events of default:** In terms of the facility agreements and sanction letters, in case of occurrence of events of default set out above, the Subsidiaries' lenders may, among others:

- a) Terminate either whole or part of the facility;
- b) Enforce security;
- c) Possession of and/or transfer the assets comprised within the security;
- d) Appoint a nominee director on the board of Subsidiaries;



- e) Review the management structure and board and review the conditions for the appointment or re-appointment of the managing director or any other person holding substantial powers of management; and
- f) Convert outstanding obligations under the facility into equity capital or other securities.
- g) Payment of additional interest on the instalments of the capital due and unpaid at the rate of 5% p.a. in addition to the rate of interest payable on the instalments.



ANNEXURE C

Details of Company and its Subsidiaries Providing Guarantees for the Repayment of Loans availed by Other Group Entities

S. No	Facility	Bank / Institution Providing the facility	Guarantee Provided To	Guarantee Provided By
1	HCF Overdraft and HCF IF facilities	HDFC Bank	Aditya Jyot Eye Hospital Limited	Dr. Agarwal's Health Care Limited
2	Term Loan	Axis Bank	Dr. Agarwal's Eye Hospital Limited	Dr. Agarwal's Health Care Limited
3	Overdraft	SBM Bank (Mauritius) Limited	Orbit Health Care Services (Mauritius) Ltd	Dr. Agarwal's Health Care Limited

