

# T A M S & C O L L P

CHARTERED ACCOUNTANTS

## CERTIFICATE ON FINANCIAL INDEBTEDNESS

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

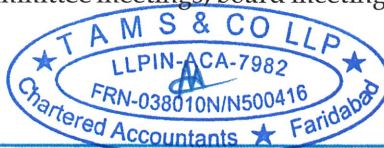
**Axis Capital Limited**  
1<sup>st</sup> Floor, Axis House  
C-2, Wadia International Centre  
P.B. Marg, Worli, Mumbai 400 025  
Maharashtra, India

**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 & C O L L P, Chartered Accountants, an independent chartered accountant engaged by the Company for the purpose of the Offer, have verified the restated financial statements of the Company and its subsidiaries as at March 31, 2024, 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



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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).

of the Company and other relevant records as at March 31, 2024. 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 March 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, the company and its subsidiaries do not have any outstanding indebtedness except for intra-corporate loans and as provided in **Annexure A**.

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 subsidiary.

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.

We hereby consent to the submission of this certificate as may be necessary, to the Securities and Exchange Board of India, any regulatory authority 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 hereby consent to extracts of or reference to, this certificate being used in the red herring prospectus and the prospectus, other offering materials and the website of the Company, as necessary or required, in connection with the Offer.

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

*Mohan Soni*

Name: Mohan Soni  
Designation: Partner  
Membership Number: 095882  
UDIN: 24095882 BKAVES 9857



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  
Level 1 & 2, Max Towers  
Plot No. C-001/A  
Sector 16B, Noida 201 301  
Uttar Pradesh, India

**ANNEXURE A**

Set forth below are the details of the aggregate borrowings of the Company and its subsidiaries on a consolidated basis, as of March 31, 2024:

Category of borrowing	Sanctioned amount	Outstanding amount as on March 31, 2024
		(₹ in million)
<b>Secured (A)</b>		
<i>Fund-Based</i>		
Term Loans	2,162.00	1,236.96
Working Capital facilities	8,770.00	2,194.96
Cash Credit (Interchangeable)	Interchangeable with Working Capital limit	0.00
Cash Credit	940.00	52.71
<i>Non-Fund Based</i>		
Bank Guarantee	Non Interchangeable- INR 50 Million	26.78
Bank Guarantee	Interchangeable with Working Capital Limits	177.18
Letter of Credit	Non Interchangeable- INR 50 Million	0.00
Letter of Credit	Interchangeable with Working Capital Limits	250.31
<b>Total (A)</b>	<b>11,972.00</b>	<b>3,938.90</b>
<b>Unsecured (B)*</b>		
<i>Fund-Based</i>		
Short Term Loans	1,000.00	1,000.00
Cash Credit	100.00	0.00
<b>Total (B)</b>	<b>1,100.00</b>	<b>1,000.00</b>
<b>Total (A+B)</b>	<b>13,072.00</b>	<b>4,938.90</b>

\*Does not include intra-corporate loans.



## ANNEXURE B

The principal terms of the outstanding loans and borrowings availed by the Company:

1. **Interest:** The interest rate for the working capital facilities and term loans availed by our Company ranges from 7.30% to 9.54%. The interest rate for the working capital facilities availed from YES Bank, HDFC Bank Limited, SBI, CITI Bank, HSBC, J.P. Morgan & Chase is tied to the Marginal Cost of Funds based Lending Rate ("MCLR"). In some instances, the interest rate is applicable as per the standard rates for few components of working capital facilities such as bank guarantee and import/inland letter of credit.
2. **Tenor:** In respect of working capital facilities and term loans, the tenor varies from instrument to instrument. For instance, the period of sanction for letter of credit and bank guarantee in certain instruments is up to 30 months and the tenor of letter of credit varies basis demand/usance up to 30 days to 120 days.
3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to create security by way of first *pari passu* charge by way of hypothecation on present and future goods, book debts and all other moveable assets and by way of equitable mortgage on industrial property.
4. **Pre-payment:** In respect of the working capital facility availed by our Company from Citibank, prepayment is allowed subject to the payment of 2% of the prepaid amount as pre-payment charges. For Term loans availed from HSBC, any cancellation or prepayment will be subject to funding penalties at the bank's discretion. However, any penalties for cancellation or prepayment on the interest reset date will be NIL. For working capital facilities from HDFC Bank & YES Bank, prepayment is allowed with NIL charges.
5. **Re-payment:** The working capital facilities and term loans availed by our Company are repayable on demand, in most cases. In certain instances, like in respect to HDFC Bank, YES Bank, SBI & CITI Bank, it allowed for repayment on the last day of term, unless the Bank itself allowed for a roll over.
6. **Key covenants:** In accordance with our facility agreements and sanction letters, we are required to comply with various financial covenants and conditions restricting certain corporate actions, and we are required to take the lender's prior consent and/ or intimate the respective lender before carrying out such corporate actions, typically including, but not limited to the following:
  - (a) effecting any change in Company's capital structure;
  - (b) transfer of controlling interest or drastic changes in the management set up;
  - (c) alteration to certification of incorporation, memorandum of association or articles of association;
  - (d) issuance of unissued share capital or creation of new shares;
  - (e) implementing any scheme of expansion/ diversification/ modernisation other than incurring routine capital expenditure;
  - (f) undertaking further capital expenditure, except for maintenance and being funded by our Company's own resources;
  - (g) effecting changes in the shareholding of Directors, principal shareholders and Promoters;
  - (h) formulation of any scheme of amalgamation or reconstruction;



- (i) availing any credit facility or accommodation from any bank or financial institution;
- (j) undertaking guarantee obligations on behalf of a third party or any other company;
- (k) undertaking changes to the accounting system, being currently followed unless expressly required by applicable law;
- (l) making any corporate investments or investment by way of share capital or debentures;
- (m) declaration of dividends in case of default to pay interest/ commission/ instalments in relation to the underlying facility;
- (n) appointment of various intermediaries (including investment banks, escrow collection banks, public issue account banks and refund banks) and advisors;
- (o) opening of new bank accounts for the purpose of the Offer;
- (p) further investments by our Company in any other company or entity; and

7. *Events of default:* Borrowing arrangements entered into by our Company contain standard events of default, including, among others:

- (a) failure to repay the facility or interest or any portion thereof when demanded by the bank;
- (b) breach of covenants, obligations, terms or conditions, warranties or undertakings to be observed or performed by our Company, as contained in the finance documents and failure of our Company to remedy the same forthwith;
- (c) change in constitution, management or existing ownership or control of our Company including by reason of liquidation, amalgamation, merger or reconstruction;
- (d) occurrence of circumstances which in the opinion of the lenders is prejudicial to or imperils the security provided under the finance documents;
- (e) security created in favour of other lenders becomes enforceable;
- (f) levy of distress or execution against any property or assets of our Company;
- (g) appointment of receiver or liquidator;
- (h) suspension or cessation of business or failure to conduct business to the satisfaction of the lenders;
- (i) incorrect or misleading information in any material particular in our Company's proposals furnished to the lenders;
- (j) reasonable apprehension that Company is unable to pay its debts;
- (k) commencement of proceedings for voluntary or compulsory liquidation;
- (l) sale, disposal, encumbrance, alienation of any land, buildings, structures, plant or machinery without the prior approval of the lenders; and
- (m) properties and assets offered as security to the lenders are not insured.



This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Company.

8. *Consequences of occurrence of events of default:* In terms of our facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:
- (a) terminate the facilities and/or declare all the amounts under the facilities as immediately due and payable;
  - (b) charge a higher rate of interest over and above the agreed/stipulated rate of interest or as may be laid down by RBI from time to time, without any notice, if the default persists;
  - (c) suspend further access and withdrawals by the Company;
  - (d) terminate or prematurely close all or any part of our deposits before the maturity date and/or remove the sum total of deposit in the fixed deposit account and/ or set off the whole or any part of the deposit towards satisfaction of secured liability; and
  - (e) sell, dispose, transfer, lease, license, assign or deal with all or any part of the hypothecated property.



**ANNEXURE C**

The Company and its subsidiaries have not provided any guarantees for the repayment of any loans availed by other entities except CG

Sr. No.	Corporate Guarantee Provided By		Name of the Bank	Amount in ₹ millions
	BY	TO		(As on March 31, 2024)
1	Akums Drugs & Pharmaceuticals Ltd.	May and Baker Pharmaceuticals Ltd	Yes Bank Limited	50.00
2	Akums Drugs & Pharmaceuticals Ltd.	Plenteous Pharmaceuticals Ltd	HDFC Bank Limited	50.00
3	Akums Drugs & Pharmaceuticals Ltd.	Plenteous Pharmaceuticals Ltd	JP Morgan Chase Bank N.A.	400.00
4	Akums Drugs & Pharmaceuticals Ltd.	Akums Healthcare Ltd	HDFC Bank Limited	162.00
5	Akums Drugs & Pharmaceuticals Ltd.	Nicholas Healthcare Limited	JP Morgan Chase Bank N.A.	150.00
6	Akums Drugs & Pharmaceuticals Ltd.	Nicholas Healthcare Limited	HSBC	70.00
7	Akums Drugs & Pharmaceuticals Ltd.	Unosource Pharma Limited	CITI Bank	200.00
8	Akums Drugs & Pharmaceuticals Ltd.	Unosource Pharma Limited	HSBC	250.00
9	Akums Drugs & Pharmaceuticals Ltd.	Unosource Pharma Limited	Kotak Mahindra Bank	50.00
10	Akums Drugs & Pharmaceuticals Ltd.	Medibox Pharma Private Limited	HSBC	70.00
	<b>TOTAL</b>			<b>1,452.00</b>

