

AKUMS DRUGS & PHARMACEUTICALS LTD.

CIN: U24239DL2004PLC125888

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Date: April 23, 2024

Vineet Gupta

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Dear Sir,

Re: Response to complaint dated February 23, 2024 from Vineet Gupta ("Complainant") to the Securities and Exchange Board of India ("SEBI")

We are in receipt of the Complaint forwarded by the SEBI to us on March 26, 2024. At the outset, we deny all contentions and claims made pursuant to the Complaint as baseless and devoid of merit. For reference, our response to your Complaint is as follows:

Our Company, i.e., Akums Drugs and Pharmaceuticals Limited ("Company") submitted a resolution plan with respect to the corporate insolvency resolution process ("CIRP") of Parabolic Drugs Limited ("Corporate Debtor") in terms of the Insolvency and Bankruptcy Code, 2016, as amended ("IBC"), which was approved by the National Company Law Tribunal, Chandigarh ("NCLT") on January 12, 2021 ("Resolution Plan").

The Corporate Debtor made allotment of equity shares to the financial creditors of the Corporate Debtor for conversion of the debt into equity shares of the Corporate Debtor and subsequently extinguished the said equity shares as per the Resolution Plan, pursuant to its board resolution dated February 4, 2021 and subsequently on December 27, 2023 in order to comply with the order of the NCLT dated December 22, 2023.

As part of the final financial proposal of the Resolution Plan, the financial creditors had the following options of repayment to choose from:

- (i) Upfront Repayment Option – In case a financial creditor chooses the upfront repayment option, such financial creditor shall receive its portion of the upfront lender amount (minus the IRP costs) applicable for the upfront repayment option, towards full and final settlement of such financial creditor's claims against the Corporate Debtor;
- (ii) Restructured Repayment Option: In case a financial creditor chooses the restructured repayment option, such financial creditor shall receive: (i) its portion of the aggregate upfront lender amount applicable for the restructured repayment option; (ii) its portion of the deferred lender amount; and (iii) its portion of the lender new equity shares, towards full and final settlement of such financial creditor's claims against the Corporate Debtor.

As per the Resolution Plan, the settlement amounts payable by the Company to settle the claims of the financial creditors were as follows:

For Akums Drugs & Pharmaceuticals Ltd.


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Name of the financial creditor	Amount Admitted (₹)	Amount Payable (₹)	IRP Cost (₹)	Upfront Amount (₹)	Deferred Amount (₹)
JM Financial Asset Reconstruction Company Limited	10,861,600,000	574,832,434	85,613,068	282,227,040	206,992,326
Union Bank of India	1,085,400,000	78,777,762	8,555,316	970,660	69,251,785
Central Bank of India	1,054,000,000	76,498,766	8,307,816	942,580	67,248,370
Bank of Baroda	893,600,000	64,857,018	7,043,515	799,136	57,014,368
Export-Import Bank of India	408,700,000	29,663,231	3,221,446	365,496	26,076,289
Canara Bank	350,500,000	25,439,106	2,762,704	313,448	22,362,954
Small Industries Development Bank of India	259,800,000	18,856,147	2,047,790	232,336	16,576,021
PEC Limited	242,200,000	17,578,749	1,909,064	216,597	15,453,089

The Company confirms that all payments have been made to the financial creditors of the Corporate Debtor. A certificate from the independent chartered accountant appointed by the monitoring committee has been enclosed as **Annexure A**. The Company has also received no dues certificates from all such financial creditors (except PEC Limited), copies of which are annexed as **Annexure B**. The proof of payment made to PEC Limited has been annexed as **Annexure C**.

As per the terms of the Resolution Plan, one of the financial creditors of the Corporate Debtor, that is, JM Financial Asset Reconstruction Company Limited chose the 'Restructured Repayment Option'. Accordingly, JM Financial Asset Reconstruction Company Limited was issued and allotted equity shares of the Corporate Debtor pursuant to board and shareholders resolutions dated June 18, 2021 and September 25, 2021, respectively and the form filings including MGT-14 and PAS-3 were filed with the Registrar of Companies, Chandigarh, as required under applicable law read with the Resolution Plan. Accordingly, JM Financial Asset Reconstruction Company Limited was allotted equity shares of the Corporate Debtor as follows:


Name of the financial creditor	No. of equity shares allotted	Face value per equity share (₹)	Form of equity shares	DP ID	Client ID
JM Financial Asset Reconstruction Company Limited	500,000	10	DEMAT	IN302927	10153157

The remaining financial creditors of the Corporate Debtor were paid as per the 'Upfront Repayment Option' and there was no requirement to issue and allot equity shares of the Corporate Debtor, as part of the consideration. Upon allotment of the equity shares to JM Financial Asset Reconstruction Company Limited and upfront repayment to the remaining financial lenders, all claims of the aforementioned financial creditors were settled fully and finally in terms of the Resolution Plan.

In furtherance of the above, we submit that there were no deficiencies or statutory violations in implementing the Resolution Plan by the Company. The Resolution Plan, as approved by the NCLT, was duly implemented by the Company and all steps with respect to settlement of the claims of the financial creditors were completed in accordance with applicable law.

Further, in respect of your allegation regarding the merger of Akums Lifesciences Limited (erstwhile Parabolic Drugs Limited) with Pure and Cure Healthcare Private Limited ("**Pure & Cure**") (the "**Merger**") being 'non est' and invalid in law is baseless and without merit. In this regard, we submit that as the Resolution Plan was implemented by the Company fully and in accordance with applicable law as detailed above, the subsequent merger of Akums Lifesciences Limited (erstwhile Parabolic Drugs Limited) with Pure & Cure was also undertaken in accordance with applicable law. It is also pertinent to mention that the Merger was approved by the NCLT vide its order dated August 24, 2023 and by the National Company Law Tribunal, New Delhi Bench vide its order dated October 17, 2023. We note that the order of Merger was contingent on implementation of the Resolution Plan. The Company has made all relevant compliances, and the Merger order will not be deemed 'non est' due to non-compliance.

For Akums Drugs & Pharmaceuticals Ltd.


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Further, the NCLT passed an order dated December 22, 2023, directing ALL to file the statutory form filings with the relevant Registrar of Companies pursuant to the allotments made to the financial creditors of the Corporate Debtor for conversion of the debt into equity shares of the Corporate Debtor and subsequently extinguishing the said equity shares as per the Resolution Plan (“Allotments”). Pursuant to the Merger, Pure & Cure filed form PAS-3 and form MGT-14 (along with appropriate fee payable in terms of the Companies Act, 2013 and rules framed therein) in respect of the Allotments and extinguishment of share capital, respectively, with the Registrar of Companies, Chandigarh on December 28, 2023, where the registered office of ALL was situated.

Accordingly, the disclosures in the DRHP on pages 44 and 173 with respect to acquisition of Akums Lifesciences Limited (erstwhile Parabolic Drugs Limited) by the Company through the CIRP in terms of the IBC and pursuant to the Resolution Plan are true and correct and no changes are required in relation to the same pursuant to allegations made by you in the Complaint. Further, we also submit that since both the acquisition and the subsequent Merger were undertaken in terms of applicable law and were approved by the relevant authority (i.e., the relevant National Company Law Tribunal), the financial statements of the Company disclosed in the DRHP are true and correct.

It is reiterated that upon successful implementation of the Resolution Plan as approved by the NCLT, and completion of all formalities in relation to the same including allotment of equity shares of ALL to the relevant financial creditor who had opted for the Restructured Repayment Option, ALL is not required to issue and allot equity shares to any other financial creditors, as part of consideration or file any form PAS 3 with the relevant Registrar of Companies. Further, the resolution applicant, i.e. the Company, is also not required to undertake any further action or formality in respect of the Resolution Plan and its implementation thereof. Accordingly, the disclosures in the DRHP of the Company are true and correct and no changes are required to the statements or disclosures included in the DRHP pursuant to allegations made by you in the Complaint.

We also submit that the allegations made you in the Complaint are *prima facie* malicious and have been raised with the intent of deliberately disrupting the Offer, and do not have any bearing on the Offer.

All capitalized terms not defined herein shall have the same meaning as ascribed to them in the DRHP.

Nothing contained herein shall be deemed to be admitted by us, on account of non-traverse. Further, this response is without prejudice to any rights that the Company may have, whether in law or in equity and tort, each of which is expressly reserved.

For and on behalf of Akums Drugs and Pharmaceuticals Limited

~~For Akums Drugs & Pharmaceuticals Ltd.~~



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Encl: as above