



API HOLDINGS LIMITED
CIN: U60100MH2019PLC323444

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DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present the 5th Annual Report of API Holdings Limited ("**Company**") together with the audited financial statements (consolidated and standalone) of the Company for the financial year ended March 31, 2024.

During the year, the Company has strategically realigned its focus to improve its Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA), by enhancing operational efficiencies and bringing better synergies between its business operations. In line with this strategy, the management undertook the following key initiatives:

All references in this section to "Company", "we", "us" or "our" shall refer to the Company together with its subsidiaries on a consolidated basis.

Sustainable Revenue Growth with focus on quality and consumer experience:

Facing constraint of capital for majority of the year the Company focused on profitable customer segment and improvement in service levels.

- **Focus on quality:** Across all our businesses, an emphasis was laid on better quality and enhanced customer experience. As an illustration 25 out of our 30 diagnostic labs are NABL accredited (provided to top 2% of all labs in India).
- **Focus on high value profitable customers:** Within the PharmEasy platform, there has been a targeted approach to acquire and retain high lifetime revenue customers. This has resulted in increasing average order value by more than 20%. In the hospital and retailer business the Company has increased its focus on higher profitable customers.
- **Maximizing capacity utilization:** Improving capacity utilization of our fulfilment and warehousing infrastructure by rationalizing & integrating supply chain across the country.
- **Wallet Share Enhancement:** A concerted effort has been made to augment wallet share within existing chemist and hospital business, through improving customer experience and proposition.

Margin Enhancement:

- **Product Mix Optimization:** The Company strategically increased margins by focusing on the sale of higher-margin products, particularly its own private label brands.
- **Sales Mix Adjustment:** A deliberate shift was made in the sales mix to prioritize and grow higher-margin comprehensive care opportunities across all channels such as providing diagnostics services to existing customers who procure medicines from us.

Cost Optimization:

- Workforce Rationalization: Substantial optimisation in employee expenses ensued through the optimization of supply chain, back-office and technology headcount.
- Expense Rationalization: Other costs were rationalized, including a strategic reduction in marketing expenses to concentrate on acquiring high-value, lifetime revenue customers, coupled with a reduction in brand-related expenditure.

Cash Conservation:

- Working Capital Optimization: Focused on working capital optimization through optimization of inventory management and improved collections for receivables, particularly within the chemist and hospital business.

These strategic actions underscore the Company's commitment to financial prudence, operational efficiency, and sustained value creation. In our opinion, these steps have build a strong foundation for building a resilient and agile financial future.

OPERATIONS AT GLANCE (AT A CONSOLIDATED LEVEL)

Our financial year ends on March 31 of each year. Accordingly, references to “Fiscal 2024” and “Financial Year 2024” are to the 12-month period ended March 31, 2024. Also, references in this section to “Fiscal 2023” and “Financial Year 2023” are to the 12-month period ended March 31, 2023.

Key terms and definitions used

Terms	Description
ERP	Enterprise resource planning
EMR	Electronic Medical Records
OTC	Over-the-counter medication
Private label products	Medical products procured by Company from contract manufacturers and sold by Company under our own brands

Our Products and Services

We earn revenue through two businesses – sale of products and sale of services.

Sale of Products

Our Revenue for sale of products in Fiscal 2024 is INR 50,077.18 million. This includes revenue from

- a) Distribution to retailer
- b) Distribution to chemist/institutions and
- c) Distribution to Hospitals
- d) Others

a. Distribution to retailer

We sell pharmaceutical, OTC, surgical, consumables and private label products procured from pharmaceutical companies, manufacturers, and wholesalers to retailers across the country through a technology powered platform. These retailers are typically registered sellers on PharmEasy marketplace. In Fiscal 2024, this business generated revenue of INR 8,727.71 million and contributed 15.4% of consolidated revenues in Fiscal 2024.

To drive profitability, improve pricing and prioritise acquisition of high value customers, the management has focussed on increasing wallet share from existing customer, targeting higher life time value therapies (chronic therapy exhibits higher frequently vs one time purchase associated with acute therapies), optimization of targeted marketing spends on the PharmEasy platform.

b. Distribution to chemist and institutions

We operate a technology-powered distribution business under which we procure pharmaceutical, OTC, surgical, consumables from pharmaceutical companies and sell to local chemists and institutions, which include large pharmacies, hospitals, doctors, and clinics across the country. We sell these products both directly as well as using technology provided by Retailio. We refer to this business as Retailio 1P.

In Fiscal 2024 our Retailio 1P business generated revenue of INR 31,882.27 million and contributed 56.3% of consolidated revenues in Fiscal 2024. The business has been focused on increasing profitable and sustainable sales growth by:

- Increasing retention of transacting retailers YoY. Retailio 1P serviced average 67K retailers in FY 24 vs 65K retailers in FY 23. The main focus has been on increasing retention of existing customer by improving service level and focussing on higher margin customer base. Further capacity utilization has been improved in our existing sales and warehouse infrastructure providing us with improved unit economics.
- Increase in customer wallet share. This has been possible by us providing chemists and retailers with better order fulfilment rate, quick delivery timelines and improved other services such as expiry and returns management

c. Distribution to hospital

In Fiscal 2024, Aknamed generated revenue of INR 9,409.41 million. In this business we have focussed on profitable customers, increasing the wallet share of our existing hospital customers, expanding product portfolio to provide a wide selection. This business contributed 16.6% of consolidated revenues in Fiscal 2024.

With our efforts to improve our sales mix with a higher contribution of high margin products, share of our Private Label business revenue has increased from 1.4% in Fiscal 2023 to 1.8% in Fiscal 2024.

Sale of Services

Our Revenue from sale of services was Fiscal 2024: INR 6,565.68 million This includes revenue primarily from:

- a) Diagnostics
- b) Other Services

a. Diagnostic services

Thyrocare offers a comprehensive portfolio of more than 900+ diagnostics tests through 30 diagnostic labs as of March 2024 (March 2023: 31 labs). We have 25 NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited labs as of March 2024 (March 2023: 15 NABL labs) as we increasingly emphasize on quality. Thyrocare offers this service to franchise partners, consumers, hospitals, diagnostic companies, and independent phlebotomists.

The key milestones were:

- The Company increased the number of labs accredited by the National Accreditation Board for Testing and Calibration Laboratories ("NABL") from 15 to 25.
- In March 2024, approximately 95% of total samples were processed in NABL-accredited labs.
- The Company conducted around 147 million tests, representing a 4% year-on-year growth.
- For the purpose of these tests, around 22 million samples were processed, indicating an 8% year-on-year growth in samples processing.
- The Company's active franchisee base increased to over 7,900, more than doubled in the last three years.

Marketplace to avail diagnostics services offered by our brand PharmEasy Labs. PharmEasy Labs recorded revenues of INR 1,164.76 million in Fiscal 2024.

b. Other Services

Other services including fulfilment (services to customer for pharmaceutical and OTC products sold on PharmEasy marketplace) and technology services, software services for doctors and pharmacies and Retailio technology generated revenue of INR 433.28 million in Fiscal 2024.

Retailio provides technology which enables wholesalers and pharmacies to connect and sell a wide range of pharma and other medical products. It is available as a mobile app and web application. For the month of March 2024, 109,028 pharmacies and 3,272 wholesalers used Retailio to fulfil their procurement needs.

FINANCIAL HIGHLIGHTS

The Company's audited standalone and consolidated financial performance for the financial year ended March 31, 2024, is summarised below:

(Amount: INR in millions)

Particulars	Standalone (Audited)		Consolidated (Audited)	
	Fiscal 2022-23 (restated)	Fiscal 2023-24	Fiscal 2022-23	Fiscal 2023-24
Revenue from operations	8,557.71	5,137.47	66,439.38	56,642.86
Other Income	5,674.76	5,454.81	558.33	946.55
Total Revenue	14,232.47	10,592.28	66,997.71	57,589.41
Less: Total Expense	22,407.43	14,893.25	89,740.10	72,547.98
Loss before share of profit of associates, exceptional items and tax	(8,174.96)	(4,300.97)	(22,742.39)	(14,958.57)
Share of profit of associates, net of tax	-	-	(2.99)	8.75
Loss before exceptional items and tax	(8,174.96)	(4,300.97)	(22,745.38)	(14,949.82)
Exceptional items	44,677.85	17,269.65	29,219.84	10,269.88
Loss before tax	(52,852.81)	(21,570.62)	(51,965.22)	(25,219.70)
Less: Current Tax	-	-	389.48	379.21

Particulars	Standalone (Audited)		Consolidated (Audited)	
	Fiscal 2022-23 (restated)	Fiscal 2023-24	Fiscal 2022-23	Fiscal 2023-24
Deferred Tax	-	-	(241.11)	(270.03)
Tax expense pertaining to prior periods	-	-	3.75	6.23
Profit/ (Loss) from continuing operations	(52,852.81)	(21,570.62)	(52,117.34)	(25,335.11)
Discontinued operations:				
Profit/ (Loss) before tax from discontinued operations	(853.65)	-	-	-
Tax (expenses) /credit of discontinued operations	-	-	-	-
Profit/ (Loss) from discontinued operations	(853.65)	-	-	-
Other Comprehensive Income	3.49	(9.72)	91.73	23.42
Total comprehensive income / (loss) for the year	(53,702.97)	(21,580.34)	(52,025.61)	(25,311.69)

The following table sets forth select financial data from our consolidated audited statements of profit and loss for Fiscal 2023 and Fiscal 2024, the components of which are also expressed as a percentage of revenue from operations for such years:

Audited Financial Results

(Amount: INR in millions)

Particulars	Fiscal 2023		Fiscal 2024	
	Amount	% of revenue from operations	Amount	% of revenue from operations
Revenue from operations	66,439.38	100.0%	56,642.86	100.0%
EBITDA before exceptional items and ESOP expense	(7,973.38)	-12.0%	(4,247.92)	-7.5%
Loss before exceptional items and tax	(22,745.38)	-34.2%	(14,949.82)	-26.4%
Loss for the year / period	(52,117.34)	-78.4%	(25,335.11)	-44.7%

Cash flow

(Amount: INR in millions)

Particulars	Fiscal 2023	Fiscal 2024
Cash flow from operating activity	(7,465.86)	(611.34)
Cash flow from investing activities	(710.77)	(12,609.50)
Cash flow from financing activities	8,534.85	14,568.31
Net cash flow	358.22	1,347.47

Note: Cash flow from investing activities includes net amount deposited in fixed deposits (INR 11,786.33 in FY24).

^ EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation, ESOP – Employees Stock Options Plan

Commentary on audited financial results Fiscal 23 v. Fiscal 24:

Revenue from operations

The Company concentrated on higher margin customers. Further, the Company maximised utilisation of its existing warehouse facilities, sales infrastructure and marketing spends by driving efficiency and consolidation. This strategy led to decrease in the revenue from operations by 14.7% to Fiscal 24: INR 56,642.86 million (Fiscal 23: INR 66,439.38 million) in both revenue from sale of goods and sale of services.

Our revenue from sale of goods decreased by 15.50% primarily due to:

- Drop in sales to retailers due to optimization of new customer growth on PharmEasy platform with reduction in marketing spends. We focussed on improving average order value which has helped us in improving Unit economics.
- Sales to Hospital decrease due to forgoing of customers with lower margins and high working capital requirements. The Company focussed on improving service levels through better fulfilment and faster delivery, which in turn helped in increasing our wallet share.
- Sales to Chemist/institutions dropped marginally due to constraint on availability of working capital, which was subsequently resolved through fundraise by right issue.

Our revenue from sale of services and other operations primarily relates to Thyrocare and API diagnostic services, licensing of internet portals or technology platforms or mobile applications related to sales and distribution of pharmaceutical and cosmetic goods, teleconsulting, sale of software, subscription of software services, logistic services, etc.

The Diagnostic business grew due to improved performance of Thyrocare in Fiscal 24 (grew by 7.7%), which was primarily on account of increase in new tests being added (200+ tests were added in FY24 offering a total of 920 tests) and increase in franchisee network (by 400+ in Fiscal 2024 and more than doubled in last three years). We focussed on high margin business and discontinued non-strategic business like Surgicare during the year.

EBITDA before exceptional items and ESOP expense

Our EBITDA before exceptional items and ESOP expense as a % of revenue improved to (7.5%) in Fiscal 24 [Fiscal 23: (12.0%)] due to optimisation of following expenses:

- *Employee benefit expense: Reduction in cost due to optimization and centralization of operational team , Non profitable warehouse closure, shut down of non-strategic low margin initiative and optimization/centralization of support functions.*
- *Sales promotion and marketing expense: Reduced from 3.5 % of revenue in FY 23 to 0.4% in FY 24 on account of optimization in expense to focus on higher life-time value revenue customer, focussing on efficient marketing channels, reduced spends on brand marketing primarily in PharmEasy.*
- *Other expenses: Cost optimization resulting into reduction in other expenses especially related to legal and professional, IT and other costs.*

ESOP expense and exceptional items:

- *Employee Stock Option Plan (ESOP) Expenses:*

The Company offers stock options to its employees as a means of incentivizing them for long-term value creation of the organization. Expenses related to Employee Stock Option Plans (ESOP) are recorded by calculating the variance between the grant price to employees and the fair market value as on the date of grant. This expense is then spread out over the duration during which employees have the option to exercise these stock options. Fair market value on grant dates gets fixed as per Indian accounting standard and cannot be revised post grant of options.

Amount of expense charged is INR 2,218.52 million (FY 23: INR 6,237.50 million). The options granted in previous year(s) are still valued at the fair market value existing at grant date, resulting in higher charge to profit and loss account. Options granted during the year have been valued at the lower fair market value in line with revised Company valuation.

- *Impairment in Value:*

The Company conducts an annual reassessment of the recoverable value/value in use of its business units. This involves evaluating financial projections aligned with the Company's strategy and macroeconomic factors as of the year-end date. The recoverable value is determined using discounted cash flow or market multiple methods. If the computed recoverable value is lower than the recorded amount in the books, an impairment charge is incurred in the profit and loss account.

There was charge to statement of profit and loss account of INR 6,549.94 million (FY 23: INR 29,219.84 million) towards impairment primarily with respect to business with retailer.

- *Other exceptional items:*

Early redemption charges of INR 3,424.94 million for NCD's earlier issued to Goldman Sach and Evox and adjusted consideration charges of INR 295.00 million determined as payable to PUFT as per the terms of the MoU dated 4th December 2023 between API ("Purchaser" or the "Company"), Medlife International Private Limited, Prasad Uno Family Trust ("PUFT"), and other Sellers. The Company has made the payments of the same in Q1 of FY 2024-25.

Loss for the year

Loss before exceptional items and tax as a % of revenue has improved by 7.8% (Fiscal 2024: -26.4%; Fiscal 2023: -34.2%) on account of rationalization of costs and a focus on gross margin expansion. Exceptional items include an impairment of 6,549.94 million in Fiscal 2024 (Fiscal 2023: 29,219.84 million), early redemption charges of NCD INR 3,424.94 million and adjusted consideration charges paid towards Medlife acquisition of INR 295 million. Including exceptional items, our loss for the year as a % of revenue is 44.7% in Fiscal 24 (Fiscal 23: 78.4%).

Cash flow

During the year, the Company was prudent in cash utilization. Net cash outflow from operating activities has reduced from INR 7,465.86 million in FY23 to INR 611.34 million in FY24 primarily on account of reduction in operating losses and optimisation of working capital. Increase in cash is due to rights issue proceeds of INR 20,000 million received during the year.

(A) MAJOR EVENTS UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR

During the financial year under review, following major events were undertaken by the Company and its subsidiaries:

1. Mergers and Acquisitions

a. Composite Scheme of Arrangement amongst the Company and Mahaveer Medi-Sales Private Limited and Ascent Wellness and Pharma Solutions Private Limited and their respective shareholders and creditors

The Board of Directors of the Company ("**Board**") had approved the Composite Scheme of Arrangement ("**Scheme**") amongst the Company, Mahaveer Medi-Sales Private Limited and Ascent Wellness and Pharma Solutions Private Limited and their respective shareholders and creditors under section 230 to 232 of the Companies Act, 2013. Necessary application was filed with National Company Law Tribunal, Mumbai Bench.

Subsequently, the Board decided to withdraw the Scheme considering the prevailing scenario as well as the delay in / non-receipt of requisite approvals from certain stakeholders of the Company and is in the process of withdrawing the Scheme.

b. Scheme of Amalgamation of AHWSP India Private Limited, Aycon Graph Connect Private Limited and Threpsi Solutions Private Limited with the Company

The Board approved the Scheme of Amalgamation of AHWSP India Private Limited, Aycon Graph Connect Private Limited and Threpsi Solutions Private Limited with the Company and their respective shareholders ("**Scheme 1**") and had made application for approval of the same. Subsequently, the Board has, decided to withdraw the Scheme 1 considering the prevailing scenario as well as delay in / non-receipt of requisite approvals from certain stakeholders of the Company.

2. Changes in subsidiaries, associates and joint ventures

Details of change in subsidiaries and joint venture of the Company during the financial year are detailed below:

a. Acquisition of Think Health Diagnostics Private Limited

During the financial year under review, Thyrocare Technologies Limited, step-down subsidiary of the Company had acquired a 100% stake in Think Health Diagnostics Private Limited ("**Think Health**") by way of purchase of equity shares from all the existing shareholders of Think Health. Hence Think Health became step-down subsidiary of the Company pursuant to the aforesaid investment.

b. Acquisition of equity shares of Care Easy Health Tech Private Limited

The Company acquired 20% of the share capital of Care Easy Health Tech Private Limited ("**Care Easy**"). Pursuant to the aforesaid acquisition, the holding of the Company in Care Easy increased from 80% to 100%.

c. Joint Venture in the name of Thyrocare Laboratories (Tanzania) Limited

During the financial year under review, the Group forayed into foreign jurisdiction as Thyrocare Technologies Limited, a step-down subsidiary of the Company entered into a subscription agreement for incorporating a joint venture company in Tanzania, the first overseas venture of the Group. Thyrocare Laboratories (Tanzania) Limited ("**Thyrocare Tanzania**") was incorporated with 50% ownership to be held by Thyrocare Technologies Limited.

Except as detailed above, there were no changes in subsidiaries, associates and / or joint ventures of the Company during the financial year under review.

The performance and financial position of each of the subsidiaries, associates and joint ventures for the financial year ended March 31, 2024 is annexed in the prescribed form AOC-1 as **Annexure - I** to this Report.

Any member may obtain a copy of audited financial statements of subsidiary companies as per the provisions of Section 136 of the Act, by separately reaching out to the Company at its registered office.

3. Changes in share capital of the Company:

a. Change in Authorised share capital

During the financial year under review, the Company increased its Authorised Share Capital from INR 10,310.8 million divided into 10,048.189 million equity shares of Re. 1/- (Rupee One only) each and 262.611 million preference shares of Re. 1/- (Rupee One only) each to INR 35,000 million divided into 30,000 million equity shares of Re. 1/- (Rupee One only) each and 5,000 million preference shares of Re. 1/- (Rupee One only) each.

b. Changes in paid-up share capital

The Company had issued compulsorily convertible preference shares Series B ("**CCPS B**") of face value of Re. 1/- (Rupee One only) each at an issue price of INR 96.8/- (Rupees Ninety Six and Eighty paise only) each (including premium of INR 95.8/- (Rupees Ninety Five and Eighty paise only) each) per CCPS B for an aggregate amount upto INR 35,000 million by way of rights issue ("**Right Issue**") in accordance with the terms and conditions mentioned in the letter of offer dated September 25, 2023 ("**Letter of Offer**").

During the financial year under review, the Company allotted shares as follows:

- i. 20,66,19,848 (Twenty Crore Sixty Six Lakh Nineteen Thousand Eight Hundred Forty Eight) CCPS B for an aggregate amount of INR 20,000.8 million in various tranches pursuant to the aforesaid Rights Issue, in accordance with the waterfall mechanism as per the Letter of Offer.
- ii. An aggregate of 2,46,922 (Two Lakh Forty Six Thousand Nine Hundred Twenty Two) equity shares pursuant to the conversion of 10,756 (Ten Thousand Seven Hundred and Fifty Six) compulsorily convertible preference shares Series A ("**CCPS A**") such that the CCPS A is converted into such number of equity shares as at INR 4.36/- per equity share. Further the Company had allotted an aggregate of 9,81,47,440 (Nine Crore Eighty One Lakh Forty Seven Thousand Four Hundred Forty) equity shares pursuant to the conversion of 49,07,372 (Forty Nine Lakh Seven Thousand Three Hundred Seventy Two) CCPS B in the ratio of 1 CCPS B being converted into 20 fully paid up equity shares.

All equity shares allotted during the financial year under review rank pari passu with the existing equity shares of the Company.

4. Issuance, allotment and redemption of Unrated, Unlisted, Unsecured, Redeemable, Non-Convertible Debentures and incidental matters related thereto

During the financial year 2023-24, the Board had approved issuance and allotment of 10,000 (Ten Thousand) unrated, unlisted, unsecured, redeemable, non-convertible debentures at a face value of INR 1,00,000/- (Rupees One Lakh only) each at a discount of 4%, aggregating to INR 960 million on a private placement basis to INCRED Wealth and

Investment Services Private Limited, which had also been redeemed by the Company during the said financial year.

5. Acquisition of Business

During the year under review, the Company acquired, on an arm's length basis, some business undertakings of wholly-owned subsidiaries of the Company which were engaged in the business of wholesale, distribution, warehousing, purchasing and storing of pharmaceutical and nutraceutical products, on a going concern basis by way of slump sale.

(B) MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

The details of material changes affecting the financial position between end of the financial year i.e. from April 1, 2024, and the date of this report of the Board together with their rational are as under:

1. Changes in paid-up share capital:

Subsequent to the end of the financial year ended March 31, 2024, the Company allotted shares as follows:

- i. 15,49,50,398 (Fifteen Crore Forty Nine Lakh Fifty Thousand Three Hundred and Ninety Eight) CCPS B for an aggregate amount of INR 14,999.2 million out of unsubscribed portion of the Rights Issue in accordance with the provisions of the Letter of Offer.
- ii. 3,14,24,499 (Three Crore Fourteen Lakh Twenty Four Thousand Four Hundred Ninety Nine) CCPS B for an aggregate amount of INR 3041.89 million by way of Preferential issue via Private Placement.

2. Acquisition of stake of other companies:

Acquisition of equity shares and compulsorily convertible debentures ("CCD") of Aryan Wellness Private Limited:

The Company acquired 20% of the fully diluted share capital of Aryan Wellness Private Limited ("Aryan"). Pursuant to the aforesaid acquisition, the holding of the Company in Aryan increased from 80% to 100%.

Acquisition of equity shares of Mahaveer Medi-Sales Private Limited:

Subsequent to the end of the financial year 2023-24, the Company acquired additional 34% shares in Mahaveer Medi-Sales Private Limited, an existing subsidiary of the Company.

Acquisition of equity shares of Aushad Pharma Distributors Private Limited:

Subsequent to the end of the financial year 2023-24, the Company acquired additional 9% shares in Aushad Pharma Distributors Private Limited, an existing subsidiary of the Company.

3. Acquisition of Business

Thyrocare Technologies Limited, a step-down subsidiary of the Company acquired diagnostic and pathological services business of Polo Labs Private Limited, on a going concern basis by way of a slump sale.

4. Issuance, allotment and redemption of Unlisted, Unrated, Secured, Redeemable, Non-Convertible Debentures (“NCDs”) and incidental matters related thereto

During the year ended March 31, 2023, the Company had issued non-convertible debentures (“NCDs”) to Goldman Sachs and Evolution X.

Vistra ITCL (India) Limited (“**Debenture Trustee**”) had issued ROR Letters whereby they inter alia (i) intimated the Company of its failure to comply with some covenants under the third amended and restated debenture trust deed dated September 13, 2022 (“**DTD**”) executed between the Company and the Debenture Trustee as a result of which certain events of default (“**EODs**”) had occurred and were continuing, and (ii) directed the Company to take certain actions to cure such EODs within timelines mentioned in the ROR Letters.

Issuance of Reservation of Rights Letters (“ROR Letters”): Vistra ITCL (India) Limited (“**Debenture Trustee**”) issued ROR Letters whereby they inter alia (i) intimated the Company of its failure to comply with some covenants under the DTD executed between the Company and the Debenture Trustee as a result of which certain EODs had occurred and were continuing, and (ii) directed the Company to take certain actions to cure such EODs within timelines mentioned in the ROR Letters.

On December 1, 2023, the Company and the Debenture Trustee entered into a framework agreement (“**Framework Agreement**”) which incorporated, inter-alia, the terms of settlement.

Key terms of the Framework Agreement are as follows:

- Waivers granted as part of the settlement: As part of the Framework Agreement, previously identified defaults of certain covenants of the DTD as well as other matters (including material breach of other representations, conditions and covenants) disclosed as part of the disclosure letter to the Framework Agreement have been waived as per terms of the DTD.
- Conditions to settlement: Goldman Sachs / EvolutionX have stipulated certain pre-conditions to the settlement which included raising INR 20,000 million by way of a Rights Issue; and execution of revised shareholders agreement of the Company.

Undertaking Rights Issue: In order to, inter alia, comply with this fund raise condition, the Company undertook a Rights Issue in September 2023, for an amount upto INR 35,000 million by way of issuance of Series B compulsorily convertible preference shares of the Company (“**CCPS B**”). The Company received a total amount of approximately INR 35,000 million (upto March 31, 2024 – approximately INR 20,000 million and approximately INR 15,000 million in April 2024), thereby meeting conditions imposed by Goldman Sachs.

Post the end of the financial year, in accordance with the terms of the Framework Agreement, the Company redeemed (i) Tranche 2 NCDs having a nominal value of INR 6,412.90 million; (ii) Tranche 4A NCDs having nominal value of INR 6,600 million; and (iii) Tranche 4B NCDs having nominal value of INR 6,600 million, (iv) issued CCPS B amounting to INR 3041.89 million and (v) paid early redemption charges amounting to INR 3,424.94 million which has been disclosed as an exceptional expense under note no. 35A of standalone financial statements for the year ended March 31, 2024.

Further, post the end of the financial year, the Company has, in accordance with the supplemental debenture trust deed, prepaid the entire accrued and compounded PIK and the applicable Redemption Premium and all other applicable amounts on such accrued and compounded PIK until July 05, 2024 without the requirement of paying the applicable Make Whole Amount on accrued PIK and its components.

The terms of the Tranche 1 NCDs, Tranche 3A and 3B NCDs which will survive the settlement and remain outstanding shall be governed by the provisions of the fourth amended and restated debenture trust deed executed between the Company and the Debenture Trustee on December 1, 2023.

(C) DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, in accordance with the provisions of the Act and the rules made thereunder following changes occurred in the composition of Board and Key Managerial Personnel:

Directors

During the financial year under review, there were no change in directors of the Company.

Subsequent to the end of the financial year,

- Mr. Hardik Dedhia (DIN: 06660799) and Dr. Dhaval Shah (DIN: 07485688) were appointed as whole-time directors of the Company, effective from May 15, 2024, for a tenure upto September 30, 2026.
- Dr. Ranjan Pai (DIN: 00863123), Mr. Shyam Powar (DIN: 01679598) and Mr. Dovaldas Buzinskas (DIN: 08935969) were appointed as additional (Non-Executive and Non-Independent) directors effective from May 15, 2024.
- Mr. Dharmil Sheth (DIN:06999772) and Mr. Harsh Parekh (DIN:06661731) had tendered their resignations from the post of whole-time directors of the Company with effect from the closing of business hours on May 15, 2024.

The Board expresses its deep appreciation for the guidance and co-operation provided by the directors during their tenure with the Company.

Declaration by Independent Directors

During the financial year under review, all the independent directors of the Company have given their respective declaration(s) of independence in terms of Section 149(6) of the Act.

The Board has satisfied itself and is of the opinion that the independent director(s) on the Board possess relevant expertise and experience, passed proficiency self-assessment test, if applicable, and are persons of integrity.

Based on the written representations received from the directors as on March 31, 2024, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164(2) of the Act.

Key Managerial Personnel (“KMP”)

- Mr. Yartharth Bhargava was appointed as Chief Financial Officer of the Company and was designated as KMP under Section 203 of the Act effective from October 3, 2023, and consequently, Dr. Dhaval Shah ceased to be Interim Chief Financial Officer of the Company.
- Mr. Rahul Guha was appointed as President Operations of the Company and was designated as KMP in accordance with provision of Section 2(51)(v) of the Act effective from January 20, 2024.

- Mr. Hardik Dedhia (DIN: 06660799) and Dr. Dhaval Shah (DIN: 07485688) were appointed as whole-time directors of the Company, designated as KMP under Section 203 of the Act effective from May 15, 2024.
- Mr. Dharmil Sheth (DIN:06999772) and Mr. Harsh Parekh (DIN:06661731) were appointed as Chief Business Officer of the Company and were designated as KMP in accordance with the provisions of Section 2(51)(v) of the Act, effective from May 15, 2024 upto September 30, 2026.
- Mr. Pranav Saxena was appointed as Chief Product and Technology Officer of the Company and was designated as KMP in accordance with provision of Section 2(51)(v) of the Act with effect from May 15, 2024.

Company's Policy on Directors' Appointment and Remuneration including Criteria for Determining Qualifications, Positive Attributes and Independence of a Director

The Company Policy on Remuneration of Directors, KMPs and other Employees of the Company is formulated to attract, retain and motivate members of the Board and other executives of the Company.

The remuneration policy of the Company provides a well-balanced and performance-related compensation package to the members of the Board and senior management personnel of the Company, taking into account shareholder's interests, industry standards and relevant rules and regulations.

The said policy can be accessed at <https://www.apiholdings.in/policies>.

The Company Policy on Evaluation of the Performance of the Board prescribe the criteria for assessing independence of independent directors and the same is also available on the Company's website and can be accessed at <https://www.apiholdings.in/policies>.

Performance Evaluation of Directors

Annual performance evaluation of the Board and Committees of the Board, all individual directors including the Chairman of the Company, was carried out as per the criteria and process approved by Nomination and Remuneration Committee.

The performance evaluation of the non-independent directors including the chairman of the Company and performance of the Board as a whole was discussed at the separate meeting of the independent directors.

Directors' Responsibility Statement

Your directors state that:

- a. in the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the loss of the Company for the year ended on that date;

- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors have prepared the annual accounts on a 'going concern' basis; and
- e. the directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems are adequate and operating effectively.

(D) AUDITORS AND AUDITORS' REPORT

Statutory Auditor and Auditors' Report

Price Waterhouse Chartered Accountants LLP (having Firm's registration Number: 012754N/N500016), were appointed as statutory auditors of the Company for a term of five consecutive years, from the conclusion of the 2nd annual general meeting of the Company till the conclusion of the 7th annual general meeting of the Company.

The Auditor's Reports on the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2024, has been issued with an unmodified opinion, by the Statutory Auditors.

Secretarial Auditor and Secretarial Auditors' Report

Pursuant to provisions of Section 204 of the Act, the Board appointed M/s. HRU & Associates, Company Secretaries, (C.P. Number: 20259), as the secretarial auditors to conduct the Secretarial Audit for the financial year 2023-24. The Secretarial Audit Report provided by M/s. HRU & Associates, Company Secretaries for the financial year 2023-24, in Form MR-3 as **Annexure - II**, forms part to this report.

The said report does not contain any qualification, reservation, adverse remark or disclaimer.

Risk Management

The Company has in place a Risk Management Policy to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating, and resolving various risks associated with the business. Risk Management Policy establishes a structured and disciplined approach to risk management, to guide decisions on issues relating to identification, classification, assessment, mitigation, monitoring and reviewing of various risks concerning the Company.

Vigil Mechanism and Whistle-Blower Policy

In compliance with provisions of Section 177 of the Act, Company has adopted Vigil Mechanism and Whistle-blower Policy for Directors and Employees to report instances of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Company's code of conduct or ethics policy to the management of the Company. The mechanism provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the audit committee in appropriate cases. The said policy is posted on the website of the Company and can be accessed at <https://www.apiholdings.in/policies>.

During the financial year under review, no employee or director was denied access to the chairperson of audit committee.

Internal Financial Control systems and its adequacy

The Company has in place adequate internal financial control with reference to the financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation of such systems was observed.

(E) Particulars of loans given, investments made, guarantees given, and securities provided

Details of loans given, guarantees given and investments made, securities provided during the financial year under review along with the purpose for which the loans given, guarantees given and securities provided is proposed to be utilised by the recipient, are provided in the standalone financial statements of the Company for the financial year 2023-24 (Refer note nos. 7 and 48 of standalone financial statements for the year ended March 31, 2024).

(F) Particulars of contracts or arrangements with related parties

All the transactions/contracts/arrangements of the nature as specified in Section 188(1) of the Act, entered by the Company during the financial year under review with related party(ies) are in the ordinary course of business and on arm's length basis, except those for which requisite approvals have been obtained.

The disclosure of particulars of contracts/arrangements entered by the Company with related parties referred to in Section 188 of the Act is attached as **Annexure - III**.

Disclosures on related party transactions carried out during the financial year 2023-24, are provided in note 37 of standalone financial statements of the Company.

The Company's policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as approved by the Board can be accessed on the Company's website at <https://www.apiholdings.in/policies>.

(G) Dividend

Considering the loss incurred by the Company in the financial year 2023-24 and accumulated losses of the Company since its incorporation, your directors have not recommended any dividend for the financial year under review.

(H) Deposits

The Company has not accepted any deposit from the public during the year under review.

(I) Corporate social responsibility ("CSR")

In terms of Section 135 of the Act and rules made thereunder, for the financial year 2023-24, the Company was not eligible to mandatorily spend any amount to undertake any CSR activity as mentioned in schedule VII of the Act.

The Company has constituted a CSR committee as per the provisions of Section 135(1) of the Act. The Board approved the policy on Corporate Social Responsibility as formulated and recommended by the CSR Committee. The Policy encapsulates the major areas of concern

which the Company would like to focus on while undertaking its CSR activities. The said policy can be accessed at <https://www.apiholdings.in/policies>.

(J) Particulars of remuneration to employees

Any shareholder interested in obtaining information on details of employees' remuneration as required under the provisions of Section 197 of the Act and rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, may separately reach out to the Company.

(K) Employees' Stock Option Scheme

During the financial year under review, the Company had granted employee stock options ("ESOPs") to the employees of the Company and to the employees of its subsidiaries under API Employee Stock Option Scheme 2020 ("ESOP Scheme 2020"). The disclosures under rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are as under:

Sr. No.	Particulars		ESOP Scheme 2020	
a.	Options Granted	:	1,03,73,33,610 (Total ESOPs granted till FY24) 3,83,98,738 ESOPs were granted during financial year 2023-24	
b.	Options vested during the year	:	15,10,17,476	
c.	Options exercised during the year	:	0	
d.	Total number of shares arising as a result of exercise of options	:	0	
e.	Options lapsed/ surrendered	:	5,79,10,672 ESOPs were lapsed / surrendered during the financial year 2023-24	
f.	Exercise price	:	Exercise price of ESOPs are as per requisite approvals and as communicated to employees in their respective grant letters	
g.	Variation of terms of options	:	Vesting terms for 8,19,675 number of ESOPs were varied during FY 24 such that the variation was not prejudicial to the interest of the employees.	
h.	Money realized on exercise of options	:	N.A.	
i.	Total number of options in force	:	84,92,48,443 ESOPs were outstanding as on March 31, 2024	
j.	Employee wise details of options granted to:			
(i)	Key managerial personnel / Senior Management Personnel	:	Name	No. of ESOPs granted
			Yatharth Bhargova	13,05,970
			Drashti Shah	33,560
(ii)	Any other employee to whom options granted during the financial year 2023-24 amounted to five percent or	:	The employees to whom options granted during financial year 2023-24 amounted to five percent	

Sr. No.	Particulars		ESOP Scheme 2020								
	more of total options granted during the said financial year		<div>or more of the total ESOPs granted during the financial year 2023-24:</div> <table><tr><th>Name</th><th>No. of options granted</th></tr><tr><td>Vinod Jain</td><td>1,37,50,000</td></tr><tr><td>Bherumal Jain</td><td>1,37,50,000</td></tr><tr><td>Prince Surana</td><td>22,37,289</td></tr></table>	Name	No. of options granted	Vinod Jain	1,37,50,000	Bherumal Jain	1,37,50,000	Prince Surana	22,37,289
Name	No. of options granted										
Vinod Jain	1,37,50,000										
Bherumal Jain	1,37,50,000										
Prince Surana	22,37,289										
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	Nil								

(L) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the financial year under review, no case was reported in the Company pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company has a policy and framework for employees to report sexual harassment cases at workplace and the process ensures complete anonymity and confidentiality of information. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Training and awareness programs are conducted at various locations of the Company to sensitize the workforce of the Company towards creating conducive and respectable environment for the workforce.

(M) Meetings of the Board of Directors, constitution, and meetings of the committees

During the financial year under review, 11 (Eleven) meetings of the Board of Directors of the Company were held and the gap between two meetings did not exceed one hundred and twenty days as per the requirement of the Act. The necessary quorum was present during all such meetings.

Committees

In order to adhere to the best corporate governance practices, to effectively discharge its functions and responsibilities and in compliance with the requirements of applicable laws, your Board has constituted several committees of the Board including the following:

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders' Relationship Committee
- d. Corporate Social Responsibility Committee

(a) Audit Committee

During the financial year under review, the Audit Committee met 3 (three) times. The composition of the Committee along with the details of the meetings held and attendance of the members of the Audit Committee during the financial year 2023-24 is detailed below:

Sr. No.	Name of the Director	Director category	Nature of membership	No. of meetings held	No. of meetings attended
1.	Mr. Subramaniam Somasundaram	Independent Director	Chairperson	3	3
2.	Mr. Deepak Vaidya	Independent Director	Member	3	3
3.	Mr. Harsh Parekh*	Whole-time Director	Member	3	3

* Mr. Harsh Parekh ceased to be member of the Audit Committee with effect from May 15, 2024, pursuant to his resignation as Whole-time Director of the Company.

Further, subsequent to the end of the financial year, Mr. Shyam Powar, Non-Executive Director and Mrs. Vineeta Rai, Independent Director were appointed as members of Audit Committee, effective May 15, 2024.

(b) Nomination and Remuneration Committee

During the financial year under review, the Nomination and Remuneration Committee met 3 (three) times. The composition of the Committee along with the details of the meetings held and attendance of the members of the Nomination and Remuneration Committee during the financial year 2023-24 is detailed below:

Sr. No.	Name of the Director	Director category	Nature of membership	No. of meetings held	No. of meetings attended
1.	Mr. Deepak Vaidya	Independent Director	Chairperson	3	3
2.	Dr. Jaydeep Tank	Independent Director	Member	3	2
3.	Mr. Ankur Thadani	Non-Executive Director	Member	3	1

Further, subsequent to the end of the financial year, Dr. Ranjan Pai, Non-Executive Director was appointed as member of Nomination and Remuneration Committee, effective May 15, 2024.

(c) Stakeholders' Relationship Committee

The composition of the Stakeholders' Relationship Committee is detailed below:

Sr. No.	Name of the Director	Director category	Nature of membership
1.	Mr. Ankur Thadani	Non-executive Director	Chairperson
2.	Mrs. Vineeta Rai	Independent Director	Member
3.	Mr. Ashutosh Sharma	Non-executive Director	Member
4.	Mr. Dharmil Sheth*	Whole-time Director	Member

* Mr. Dharmil Sheth ceased to be member of the Stakeholders' Relationship Committee with effect from May 15, 2024, pursuant to his resignation as Whole-time Director of the Company.

Further, subsequent to the end of the financial year, Dr. Dhaval Shah, Whole-time Director was appointed as member of Stakeholders' Relationship Committee, effective May 15, 2024.

No meeting of the Stakeholders' Relationship Committee was held during the year.

(d) Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility (“CSR”) Committee is detailed below:

Sr. No.	Name of the Director	Director category	Nature of membership
1.	Mrs. Vineeta Rai	Independent Director	Chairperson
2.	Dr. Jaydeep Tank	Independent Director	Member
3.	Mr. Ankur Thadani	Non-executive Director	Member
4.	Mr. Siddharth Shah	Managing Director and Chief Executive Officer	Member

No meeting of the CSR Committee was held during the year.

(N) Secretarial Standards

The Company has complied with the provisions of the applicable secretarial standards as amended from time to time.

(O) Compliance with Foreign Exchange Management Regulations

The Company has received certificate from Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Company for the downstream investments made by the Company during the financial year 2023-24, in compliance with the requirements of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

(P) Annual Return

Annual Return of the Company as on March 31, 2024 in accordance with the provision of Section 92(3) read with the Section 134(3)(a) of the Act will be placed on the website on the Company at <https://www.apiholdings.in/>

(Q) Shifting of Registered office of the Company

After the end of the financial year, the Company has shifted its registered office within the local limits of the Mumbai city.

(R) Energy conservation, technology absorption and foreign exchange earnings and outgo

The particulars of Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo, as required to be disclosed under the Act and the Companies (Accounts) Rules, 2014, are as follows:

1. Conservation of Energy

- a. Steps taken for conservation of energy:** The provisions of the Companies (Accounts) Rules, 2014 regarding conservation of energy are not applicable to the Company due to the nature of business being carried out by the Company. However, the Group is committed to carry out every effort to ensure that energy efficient measures are taken as far as possible to reduce its carbon footprint. The Company, through its group companies, has been taking initiatives for energy conservation across the organization.

Few of the measures undertaken are -

1. Regular awareness sessions on energy savings amongst staff through lectures and posters across all warehouses.
2. Adopting LED lights across all operational locations.
3. Optimum usage of air conditioning through thermal insulation and centralized HVAC system.
4. Installed solar panels, to reduce our energy consumptions.
5. To reduce energy consumption, older and less efficient AC units were replaced with new VRF (Variable Refrigerant Flow) AC units that utilize advanced technology to save energy.

b. Steps taken by the Company for utilising alternate sources of energy: The Company through its subsidiary companies has initiated the process of adopting solar power as a source for alternate energy. Currently, the Company has installed 500 kWh solar power capacity plant at Bengaluru warehouse which generated 4,97,403 kWh of solar power during the financial year 2023-24, saving approx. INR 600 million+ in terms of electricity bill and also equivalent to mitigating approx. 4,10,000 kgs of carbon dioxide into the atmosphere; thus, contributing to towards the environment. In the financial year 2023-24 the Company also installed another solar power plant at our warehouse at Bhandup having capacity of 300 kWh which generated 2,24,474 kWh of solar power which is equivalent to mitigating approx 1,85,000 kgs of carbon dioxide into the atmosphere and savings of approximately more than INR 400 million in electricity bill.

c. Capital investment on energy conservation equipment: The Company through its group companies have invested INR 0.4 million towards energy conservation efforts.

2. Technology Absorption

a. Major efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution:

API Holdings is a technology-first organization. Technology led innovations are deployed to offer differentiated experience to our customers, build efficient supply chain, manage large scale health ecosystems (partners, stakeholders, marketplace etc.) and improve productivity across eco-system.

We have been using AI/ML/Data Science to improve almost every part of our business; e.g. AI based recommendation in pharma business to improves shopping experience, forecasting & replenishment to optimize our inventory across the network to name a few.

Our products are highly intuitive, engaging and user- friendly, we have deployed various technologies to make it happen - Pharameasy app & Rio App/Salesman app etc.

Below are a few of our initiatives which have been taken in the past years driving innovation and technology adoption.

Health Trend: This feature in Pharameasy app helps patients monitor longitudinal data about health parameters in a user-friendly manner. It helps users understand if there are any immediate actions required e.g. further check-ups or doctor visits etc.

Integration of operations: Multi channel WMS platform which caters to various pharma supply chain requirements, (B2B and Hospital etc). It is an industry leading technology to improve service levels across different supply chains while optimizing inventory and productivity.

Rio App: Unique app for retailers to discover and order medicines/PL/OTC products. App helps salesmen to plan better (improve productivity) and service them better.

AI first & Platformization: It is important for us to build technology in a scalable manner; this helps us in faster innovation and reliably service the customer across different businesses. We have invested in AI first data platform, hybrid cloud architecture (optimize cost), and PAN India network infrastructure (to manage our warehouses and Labs).

b. Information regarding imported technology (Imported during the last three years): The Company has imported following technologies:

- CrowdStrike Cybersecurity solution
- ISMA -Real time analytics
- Algolia -Search in B2B

c. Expenditure incurred on research and development: Nil

3. Foreign Exchange Earnings and Outgo:

Particulars	Financial year 2022-23 (INR In million)	Financial year 2023-24 (INR In million)
Foreign Exchange earned in terms of actual inflows	Nil	Nil
Foreign Exchange used in terms of actual outflows	6,289.55	204.83

GENERAL

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions or events pertaining to these items during the financial year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. There were no significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status of the Company.
3. Maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act.
4. No fraud has been reported by the auditors to the audit committee, the Board or Central Government.
5. Since the Company has suffered losses, no amount has been transferred to the reserves account.
6. There were no one time settlement for loan from banks or financial institutions.
7. There were no funds required to be transferred to the Investor Education and Protection Fund.
8. There is no admission made or proceedings pending against any admission under the Insolvency and Bankruptcy Code, 2016 against the Company during the financial year 2023-24.

9. The provisions of Section 197(14) of the Act, in relation to disclosure of remuneration or commission received by a managing or whole-time director from the Company's holding or subsidiary company are not applicable.

ACKNOWLEDGEMENT

Your directors would like to express their sincere appreciation for the assistance and co-operation received from the investors, banks, lenders, government and any regulatory authorities, customers, vendors, employees and members during the financial year under review.

For and on behalf of the Board of Directors

Place: Mumbai	Sd/- Siddharth Shah Chief Executive Officer and Managing Director	Sd/- Dhaval Shah Whole-time Director
Date: September 4, 2024	DIN: 05186193 Address: 701/702 B Wing, Kailash Tower, Vallabh Baug Lane, Ghatkopar (East), Mumbai 400 075	DIN: 07485688 Address: 1001, Plot No. 141A, Bhaghban building, Vallabh Baug Lane, Opposite Paras Dham, Ghatkopar (East), Mumbai- 400077

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

[illegible]

Sr. No.	17	18	19	20	21	22	23	24
Name of the Subsidiary	Dial Health Drug Supplies Private Limited	Mahaveer Medi-Sales Private Limited	Venkatesh Medico Private Limited	Aushad Pharma Distributors Private Limited	Avighna Medicare Private Limited	Akna Medical Private Limited	Allumer Medical Private Limited	Shreeji Distributors Pharma Private Limited
The date since when subsidiary was acquired	August 27, 2020	August 27, 2020	August 27, 2020	August 27, 2020	January 15, 2021	September 17, 2021	September 17, 2021	September 17, 2021
Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	INR	INR	INR
Share capital	0.10	4.00	0.10	1.00	0.10	33.52	99.21	1.00
Compulsory convertible debentures	-	-	-	-	-	-	-	-
Compulsory convertible preference shares	-	-	-	383.66	-	-	-	-
Reserves and surplus	(202.55)	924.38	(89.61)	(151.19)	(209.69)	(545.87)	(176.78)	(327.49)
Total assets	0.48	2,160.58	354.55	477.60	367.88	3,419.16	6.17	695.71
Total Liabilities (Excluding share capital and reserves and surplus)	202.93	1,232.20	444.06	244.13	577.47	3,931.51	83.74	1,022.18
Investments (Carrying value)	-	-	-	-	-	134.16	-	-
Turnover	-	8,150.50	848.15	937.09	844.90	1,806.17	0.46	2,019.41
Profit/(Loss) before taxation	(21.38)	70.75	(34.09)	(67.62)	(203.13)	(3,851.92)	(6.21)	(325.97)
Provision for taxation	-	44.44	-	(16.59)	0.01	-	-	-
Profit (Loss) after taxation	(21.38)	26.32	(34.09)	(51.13)	(203.14)	(3,848.65)	(6.21)	(367.10)
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2023-24	100%	51%	51%	51%	100%	69%	100%	100%

Sr. No.	25	26	27	28	29	30	31	32
Name of the Subsidiary	Vardhman Health Specialities Private Limited	Healthchain Private Limited	Supplythis Technologies Private Limited	Thyrocare Technologies Limited	Nuclear Healthcare Limited	Care Easy Health Tech Private Limited	Pulse Hitech Health Services (Ghatkopar) LLP	Think Health Diagnostics Private Limited
The date since when subsidiary was acquired	September 17, 2021	September 17, 2021	September 17, 2021	September 02, 2021	September 02, 2021	November 22, 2021	November 24, 2022	February 27, 2024
Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	INR	INR	INR
Share capital	55.50	0.02	0.10	529.53	111.11	0.10	48.16	1.00
Compulsory convertible debentures	-	-	-	-	-	-	-	-
Compulsory convertible preference shares	-	-	-	-	-	-	-	-
Reserves and surplus	(330.99)	(0.16)	(142.91)	4,608.65	635.49	(641.74)	(28.64)	(40.84)
Total assets	2,968.24	-	17.42	6,202.74	859.31	22.45	108.80	10.99
Total Liabilities (Excluding share capital and reserves and surplus)	3,243.73	0.14	160.23	1,064.56	112.71	664.09	89.28	50.83
Investments (Carrying value)	-	-	-	1,152.57	214.97	-	-	-
Turnover	5,690.94	-	159.08	5,240.18	431.62	0.20	44.43	2.57
Profit/(Loss) before taxation	(844.56)	(0.11)	(49.48)	982.22	4.35	(80.37)	(28.03)	(5.76)
Provision for taxation	-	-	-	270.75	(3.79)	-	(2.10)	-
Profit (Loss) after taxation	(895.27)	(0.11)	(48.94)	711.44	8.14	(80.37)	(25.93)	(5.76)
Proposed Dividend	-	-	-	953.15	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2023-24	100%	70%	100%	71.11%	100%	100%	51.00%	100.00%

1. Names of subsidiaries which are yet to commence operations: Nil

2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Annexure-I to the Directors' Report
Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part B Associates and Joint Ventures

(INR in Millions unless otherwise stated)

Sr. No.	1	2	3	4
Name of the Associates or Joint Ventures	MARG ERP Ltd	Equinox Labs Private Limited	Impex Healthcare Private Limited	Thyrocare Laboratories (Tanzania) Limited
1. Latest audited Balance Sheet Date	March 31, 2024	March 31, 2024	March 31, 2024	March 31, 2024
2. Date on which the Associate or Joint Venture was associated or acquired	October 14, 2021	September 02, 2021	September 17, 2021	September 19, 2023
3. Shares of Associate or Joint Ventures held by the company on the year end	49.17%	30.00%	26.00%	50.00%
No.	49,17,499	4,29,186	6,50,000	95,630
Amount of Investment in Associates or Joint Venture	2,544.73	200	214.07	31.13
Extent of Holding (in percentage)	49.17%	30.00%	26.00%	50.00%
4. Description of how there is significant influence	By holding more than 20%	By holding more than 20%	By holding more than 20%	By holding more than 20%
5. Reason why the associate/Joint venture is not consolidated.	Consolidated as per the requirement of Indian Accounting Standards (Ind AS) as notified under Companies Act, 2013	Consolidated as per the requirement of Indian Accounting Standards (Ind AS) as notified under Companies Act, 2013	Consolidated as per the requirement of Indian Accounting Standards (Ind AS) as notified under Companies Act, 2013	Consolidated as per the requirement of Indian Accounting Standards (Ind AS) as notified under Companies Act, 2013
6. Net worth attributable to shareholding as per latest audited Balance Sheet	274.57	91.50	104.62	16.61
7. Profit or Loss for the year	171.30	21.39	(102.71)	(5.05)
i. Considered in Consolidation	84.23	6.42	(26.70)	(2.53)
ii. Not Considered in Consolidation	87.07	14.97	(76.01)	(2.53)

1. Names of associates or joint ventures which are yet to commence operations: Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

The above statement also indicates performance and financial position of each of the subsidiaries and associates

**For and on behalf of the Board of Directors
API Holdings Limited**

Sd/-
Siddharth Shah
**Managing Director and Chief
Executive Officer**
DIN: 05186193
Address: B-701/702, Kailas Towers
CHSL, Plot No. 355 R.N. Narkar
Marg 60 Ft Road, Ghatkopar (East)
Mumbai 400075

Sd/-
Dhaval Shah
Whole-time Director
DIN: 07485688
Address: 1001, Plot No. 141A, Bhaghban building, Vallabh
Baug Lane,
Opposite Paras Dham, Ghatkopar East,
Mumbai- 400077

Sd/-
Yatharth Bhargova
Chief Financial Officer
ICAI Membership No. 504705
Address: 6190 Pocket-9 Sector-B
Vasant Kunj, Vasant Vihar,
South West Delhi 110070

Sd/-
Drashti Shah
Company Secretary and Chief Compliance Officer
ICSI Membership No. ACS22968
Address: B/10, Ranjit Society, S.N Road,
Mulund (West) – 400080



HRU & ASSOCIATES
Company Secretaries

Hemanshu R. Upadhyay B. Com., A.C.S.

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FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2024

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

The Members,

API Holdings Limited

1st Floor, E-Shape Building,

Ashok Silk Mills Compound, 202, L.B.S. Marg,

Ghatkopar (West), Mumbai- 400086

I have conducted the secretarial audit of the compliance with applicable statutory provisions and the adherence to good corporate practices by **API Holdings Limited ("Company")**. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute(s) books, forms, and returns filed, and other records maintained by the Company and also the information provided by the Company, its officers, agents, and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute(s) books, forms, and returns filed, and other records maintained by the Company for the financial year that ended on March 31, 2024, according to the provisions of:

- I. The Companies Act, 2013 ("**the Act**") and the rules made thereunder.
- II. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made there under, to the extent applicable.
- III. The Depositories Act, 1996, and the regulations and bye-laws framed thereunder, to the extent applicable.
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings, to the extent applicable.



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V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable:-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing the clients; **(Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent)**
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)** and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not Applicable to the Company during the Audit Period).**

As per the representation given by the management, I report that having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on the test-check basis, the Company has complied with below mentioned Acts, and the applicable Rules and other applicable general laws, rules, standards, regulations, and guidelines:

- a) The Bio-Medical Wastes Management Rules, 2016.
- b) Pre-conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994, and rules made thereunder.
- c) The Clinical Establishments (Registration and Regulation) Act, 2010, and rules made thereunder.
- d) The Drugs and Cosmetics Act, 1940 and rules made thereunder.
- e) The Trademarks Act, 1999.



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- f) Foreign Direct Investment Policy, 2020
- g) Information Technology Act, 2000 and the rules framed thereunder.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the Audit Period under review and as per the representations and clarifications made, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors, and Independent Directors.

During the Audit Period, adequate notice was given to all directors to schedule the board meetings; the agenda and detailed notes on agenda were sent in advance (except in cases where meetings were convened at shorter notice for which necessary approvals, if any, were obtained as per applicable provisions of the Act and rules made thereunder), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

All decisions at board meetings and committee meetings are carried out with the requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committee(s) of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

I further report that during the Audit Period, the Company has undertaken the following specific event/action having a major bearing on the Company's affairs:

- I. During the period under review the Company had increased its authorized capital from INR 1031,08,00,000/- (Indian Rupees One Thousand Thirty-One Crore and Eight Lakh) to INR 3500,00,00,000/- (Indian Rupees Three Thousand Five Hundred crores) after receipt of consent from the members of the Company by way of ordinary resolution passed through postal ballot on August 07, 2023.
- II. During the Audit Period, the Company issued and allotted the following securities in accordance with the provisions of the Act and rules made thereunder:



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Issue and allotment of Non-Convertible Debenture:

- a) Allotment of 10,000 (Ten Thousand) unrated, unlisted, unsecured, redeemable, non-convertible debentures having face value of INR 1,00,000/- (Indian Rupees One Lakh only) each at a discount of 4% through private placement at issue price of INR 96,000/- (Indian Rupees Ninety-Six Thousand only) each amounting for an aggregate consideration of INR 96,00,00,000/- (Indian Rupees Ninety-Six Crore only) on August 29, 2023;
- b) The company has redeemed above-mentioned 10,000 (Ten Thousand) unrated, unlisted, unsecured, redeemable, non-convertible debentures having face value of INR 1,00,000/- (Indian Rupees One Lakh only) for an amount aggregating to INR 1032,733,602/- (Indian Rupees One Hundred and Three Crore Twenty Seven Lakh Thirty Three Thousand Six Hundred and Two Only) on October 27, 2023.

Issue and Allotment of Compulsory Convertible Preference Shares:

- a) Allotment of 5,78,161 (Five Lakh Seventy-Eight Thousand One Hundred and Sixty-One) Compulsorily Convertible Preference Shares Series B **tranche 1** having face value of INR 1/- (Indian Rupee One) each at an Issue price of INR 96.80/- (Indian Rupees Ninety-Six and Eighty Paise Only) including premium of INR 95.80/- (Indian Rupees Ninety-Five and Eighty Paise Only) for an aggregating consideration of INR 5,59,65,984.80/- (Indian Rupees Five Crore Fifty-Nine Lakh Sixty-Five Thousand Nine Hundred Eighty-Four Only) as per Board resolution dated October 27, 2023;
- b) Allotment of 14,17,12,877 (Fourteen Crore Seventeen Lakh Twelve Thousand Eight Hundred and Seventy-Seven) Compulsorily Convertible Preference Shares Series B **tranche 2** having face value of INR 1/- (Indian Rupee One) each at a price of INR 96.80/- (Indian Rupees Ninety-Six and Eighty Paise Only) including premium of INR 95.80/- (Indian Rupees Ninety-Five and Eighty Paise Only) for an aggregating contribution of INR 1371,78,06,493.60/- (Indian Rupees One Thousand Three hundred and Seventy-One Crore Seventy-Eight Lakh Six Thousand Four Hundred and Ninety-Three and Sixty Paise Only) as per Board resolution dated November 28, 2023.
- c) Allotment of 5,06,15,097 (Five Crore Six Lakh Fifteen Thousand Ninety-Seven) Compulsorily Convertible Preference Shares Series B **tranche 3** having face value of INR 1/- (Indian Rupee One) each at a price of INR 96.80/- (Indian Rupees Ninety-Six and Eighty Paise Only) including premium of INR 95.80/- (Indian Rupees Ninety-Five and Eighty Paise Only) for an aggregating contribution of INR 489,95,41,389.60/- (Indian Rupees Four Hundred Eighty-Nine Crore Ninety-Five



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Lakh Forty-One Thousand Three Hundred and Eighty-Nine and Sixty Paise Only)
to pre-exemption exercisees as per Board resolution dated December 05, 2023.

- d) Allotment of 77,256 (Seventy-Seven Thousand Two Hundred and Fifty-Six) Compulsorily Convertible Preference Shares Series B **tranche 4** having face value of INR 1/- (Indian Rupee One) each at a price of INR 96.80/- (Indian Rupees Ninety-Six and Eighty Paise Only) including premium of INR 95.80/- (Indian Rupees Ninety-Five and Eighty Paise Only) for an aggregating contribution of INR 74,78,380.80/- (Indian Rupees Seventy-Four Lakh Seventy-Eight Thousand Three Hundred and Eighty Paise Only) as per Board resolution dated December 05, 2023.
- e) Allotment of 1,36,36,457 (One Crore Thirty-Six Lakh Thirty-Six Thousand Four Hundred and Fifty-Seven) Compulsorily Convertible Preference Shares Series B **tranche 5** having face value of INR 1/- (Indian Rupee One) each at a price of INR 96.80/- (Indian Rupees Ninety-Six and Eighty Paise Only) including premium of INR 95.80/- (Indian Rupees Ninety-Five and Eighty Paise Only) for an aggregating contribution of INR 1,32,00,09,037.60/- (Indian Rupees One Hundred and Thirty-Two Crore Nine Thousand Thirty-Seven and Sixty Paise Only) as per Board resolution dated December 26, 2023.
- III. The Company at its 4th AGM passed a special resolution to create, offer, issue and allot Series B Compulsorily Convertible Preference shares on preferential basis.
- IV. The Company has appointed Mr. Yatharth Bhargova as full time CFO of the Company via board resolution dated October 03, 2023

This report is to be read with an Annexure which forms an integral part of this report.

For HRU & Associates
Company Secretaries

Hemanshu Upadhyay
Proprietor
Membership No. 46800
C.P Number: 20259
UDIN: A046800F001135338

Date: September 4, 2024
Place: Mumbai



HRU & ASSOCIATES
Company Secretaries

Hemanshu R. Upadhyay B. Com., A.C.S.

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Annexure to the secretarial audit report

To

The Members,

API Holdings Limited

1st Floor, E-Shape Building,

Ashok Silk Mills Compound, 202, L.B.S. Marg,

Ghatkopar (West), Mumbai- 400086

Secretarial Audit Report of even date is to be read along with this letter:

1. The compliance with provisions of all laws, rules, regulations, and standards applicable to API Holdings Limited ("**Company**") is the responsibility of the management of the Company. My examination was limited to the verification of records and procedures on a test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. My responsibility is to issue a Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to me by the Company, along with explanations where so required.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanisms, and corporate conduct. I believe that the processes and practices I followed, provide a reasonable basis for my opinion for the purpose of issue of the Secretarial Audit Report.
4. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. Wherever required, I have obtained the management representation about the list of applicable laws, compliance with laws, rules and regulations, and major events during the Audit Period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For HRU & Associates
Company Secretaries

Hemanshu Upadhyay

Proprietor

Membership No. 46800

C.P Number: 20259

UDIN: A046800F001135338

Date: September 4, 2024

Place: Mumbai

Annexure - III to the Directors' Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in subsection (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis

Sr. No.	Name(s) of the related party	Relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1	Threpsi Solutions Private Limited	Subsidiary	Loan given	Short term loan	Unsecured loan carrying interest rate 8%	To grant loans to subsidiaries at an interest rate which is in compliance with Section 186 of the Companies Act, 2013 for both existing and future loans and to avoid the blockage of working capital on the loans granted by the Company to wholly owned subsidiaries and also to grant further loans to the wholly owned subsidiaries within the threshold limits	September 13, 2022	Total loan given during the FY 23-24 is Rs. 7,956.98 million Outstanding at year March 31, 2024, is Rs. 30,651.81 million <i>(including balances of merged entities Medlife Wellness, ARZT & Metarain)</i>	October 19, 2022
2	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Loan given	Short term loan	Unsecured loan carrying interest rate 8%	To grant loans to subsidiaries at an interest rate which is in compliance with Section 186 of the Companies Act, 2013 for both existing and future loans and to avoid the blockage of working capital on the loans granted by the Company to wholly owned subsidiaries and also to grant further loans to the wholly owned subsidiaries within the threshold limits	September 13, 2022	Total loan given during the FY 23-24 is Rs. 2,715.29 million Outstanding at year March 31, 2024, is Rs. 10,140.99 million	October 19, 2022

2. Details of material contracts or arrangements or transactions at arm's length basis

Sr. No.	Name(s) of the related party	Relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amount in INR (in million)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any
1	TPG Growth V SF Markets Pte. Ltd.	Entities having significant influence over the Company (having rights to appoint board member)	Issuance of compulsorily convertible preference shares Series B	NA	As per terms of issue of CCPS B mentioned in Note no. 19 of balance sheet	3,600.00	November 28, 2023, and December 5, 2023	NA
2	Mahaveer Medi-Sales Private Limited	Step down subsidiary	Corporate Guarantee given to bank on behalf of subsidiary	NA	Corporate Guarantee given to IndusInd Bank on behalf of subsidiary for loan of Rs. 700 million.	700.00	March 9, 2021	NA

For and on behalf of the Board of Directors
API Holdings Limited

Sd/-
Siddharth Shah
Chief Executive Officer and Managing Director
DIN: 05186193
Address: 701/702 B Wing, Kailash
Tower, Vallabh Baug Lane, Ghatkopar East
Mumbai 400 075

Sd/-
Dhaval Shah
Whole-time Director
DIN: 07485688
Address: 1001, Plot No. 141A, Bhagban Building
Vallabh Baug Lane, Opposite Paras Dham
Ghatkopar East, Mumbai- 400077

Date: September 4, 2024
Place: Mumbai