



**API HOLDINGS LIMITED**  
**CIN: U60100MH2019PLC323444**

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## **DIRECTORS' REPORT**

Dear Members,

Your directors are pleased to present the 4<sup>th</sup> 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, 2023.

As you may be aware, the Company undertook steps to launch an initial public offering (“**IPO**”) in 2021-22 to inter alia, invest in growth initiatives, significantly repay its outstanding debt obligations at the time and in this regard, the Company had filed a draft red-herring prospectus on November 9, 2021. However, due to market conditions and strategic considerations, Company decided to withdraw the IPO in July 2022.

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:

### **Sustainable Revenue Growth with focus on quality and consumer experience:**

- Focus on quality: Across all our businesses, an emphasis was laid on better quality and enhanced customer experience. As an illustration 2/3<sup>rd</sup> of our diagnostic labs have NABL accredited (provided to top 2% of all labs in India).
- Focus on high value customers: Within the PharmEasy platform, there has been a targeted approach to acquiring high lifetime revenue customers and significantly increasing average order value by more than 50%.
- Deeper semi urban and rural penetration: Prioritizing high-margin channels within chemists and hospitals business, the Company successfully increased its geographical footprint by entering new geographies, specially Tier 2 and Tier 3 cities, semi urban and rural India.
- 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 cultivate 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 reduction 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)**

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

*Our financial year ends on March 31 of each year. Accordingly, references to “Fiscal 2023” and “Financial Year 2023” are to the 12-month period ended March 31, 2023. Also, references in this section to “Fiscal 2021” and “Fiscal 2022” shall refer to financial year 2020-21 and financial year 2021-22, respectively.*

**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 2023 is INR 59,253.42 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 2023, this business

generated revenue of INR 15,166.71 million and contributed 22.83% of consolidated revenues in Fiscal 2023.

To drive profitability, improve pricing and deprioritise acquisition of low 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, this business has seen a decline.

#### **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 2023 our Retailio 1P business generated revenue of INR 32,640.64 million and contributed 49.13% of consolidated revenues in Fiscal 2023. There has been increase in revenue for this business due to following factors:

- Organic expansion into new cities. We have increased our presence from 35 cities in April 2021 to 96 cities in March 2023
- Rapid expansion in the number of transacting retailers. Retailio 1P serviced 1,05,304 pharmacies in Fiscal 2023 (vs 83,226 pharmacies in Fiscal 2022).
- 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 2023, Aknamed generated revenue of INR 11,339.87 million. In this business we have realigned our focus from an acquisition led sales growth to increasing the wallet share of our existing hospital customers, expanding product portfolio to provide a wide selection as well increase share of higher margin hospital category. This business contributed 17.07% of consolidated revenues in Fiscal 2023.

In Fiscal 2023, Aknamed serviced 1,648 hospitals vs 1,801 hospitals in Fiscal 2022 while increasing revenue per hospital in Fiscal 2023 by 46.3% over Fiscal 2022. In Fiscal 2022, there were non-recurring sales to hospitals for COVID-related deliveries, while Fiscal 2023 represents normalized level of sales.

#### **d. Others**

In Fiscal 2023, we have generated revenue of INR 106.20 million as product sales from Thyrocare business.

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 0.7% in Fiscal 2022 to 1.4% in Fiscal 2023.

### **Sale of Services**

Our Revenue from sale of services was Fiscal 2023: Rs. 7,012.71 million This includes

revenue primarily from:

- a) Diagnostics
- b) Other Services

#### a. Diagnostic services

Thyrocare offers a comprehensive portfolio of more than 700+ diagnostics tests through 31 diagnostic labs as of March 2023 (March 2022: 26 labs). We have 20 NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited labs as of March 2023 (March 2022: 6 NABL labs) as we increasingly emphasize on quality. Thyrocare offers this service to franchise partners, consumers, hospitals, diagnostic companies, and independent phlebotomists.

In Fiscal 2023, Thyrocare processed 22.3 million non-covid samples (Fiscal 2022: 16.0 million), this indicated a substantial 39% year-on-year growth in the number of non-COVID samples processed. Thyrocare generated revenue of INR 4,467.30 million in Fiscal 2023. Consumers can avail our diagnostics services by walking into a collection centre, calling helplines for home collection, or booking a test online (including Thyrocare's website and other third-party online channels).

In Fiscal 2023, we have continued our focus to increase the adoption of our diagnostics business – PharmEasy Labs through the PharmEasy marketplace. We have grown this business on the back of building a strong cross-sell capability (increased from 9.6% in Fiscal 2022 to 13.8% in Fiscal 2023), allowing us to target existing customers, improve NPS score and customer trust. We have also strengthened the processing capability of our at-home collection service and geographic reach of this business. In Fiscal 2023, 0.53 million (FY22: 0.5 million) customers transacted on PharmEasy Marketplace to avail diagnostics services offered by our brand PharmEasy Labs. PharmEasy Labs recorded revenues of INR 1,236.08 million in Fiscal 2023.

#### 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 1,309.33 million in Fiscal 2023.

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 2023, 112,849 pharmacies and 5,229 wholesalers used Retailio to fulfil their procurement needs.

### Key Operating Metrics (KPIs)

Key Operating Metrics (in millions, unless otherwise stated)	Fiscal 2022	Fiscal 2023
Annual transacting users with fulfilled orders on PharmEasy <sup>(1)</sup>	6.0	3.9
Annual Fulfilled orders on PharmEasy <sup>(1)</sup>	21.4	14.3
Share of Repeat user GMV <sup>(1)(2)</sup>	71%	77%
Annual transaction users who fulfilled diagnostics orders on PharmEasy <sup>(1)</sup>	0.5	0.5

Diagnostics Cross Sell % <sup>(2)(3)</sup>	9.6%	13.8%
Active pharmacies on Retailio 1P (in unit nos.)	83,226	1,05,304
Total Hospitals serviced by Aknamed (in unit nos.)	1,801	1,648
Private Label revenue Contribution in product business	0.7%	1.4%

1. Transacting Users defined as users who have had at least one fulfilled order for the given period on PharmEasy Marketplace including Medlife business that was acquired in Fiscal 2021
2. Only for transactions on PharmEasy Marketplace
3. Diagnostics customers who availed services / total number customers who transacted on PharmEasy marketplace to purchase healthcare products.

## FINANCIAL HIGHLIGHTS

The Company's audited standalone and consolidated financial performance for the financial year ended March 31, 2023, is summarised below:

(Amount: Rs. in millions)

	Standalone (Audited)		Consolidated (Audited)	
Particulars	Fiscal 2021-22 (Restated)	Fiscal 2022-23	Fiscal 2021-22 (Restated)	Fiscal 2022-23
Revenue from operations	8,718.13	6,686.40	57,288.21	66,439.38
Other Income	1,768.86	5,655.62	521.81	558.33
<b>Total Income</b>	<b>10,486.99</b>	<b>12,342.02</b>	<b>57,810.02</b>	<b>66,997.71</b>
Less: Total Expense	18,625.70	20,056.75	84,915.90	89,740.10
<b>Loss before share of profit of associates, exceptional items and tax</b>	<b>(8,138.71)</b>	<b>(7,714.73)</b>	<b>(27,105.88)</b>	<b>(22,742.39)</b>
Share of profit of associates, net of tax	-	-	6.61	(2.99)
<b>Loss before exceptional items and tax</b>	<b>(8,138.71)</b>	<b>(7,714.73)</b>	<b>(27,099.27)</b>	<b>(22,745.38)</b>
Exceptional items	(39,193.45)	(44,677.65)	(12,608.43)	(29,219.84)
<b>Loss before tax</b>	<b>(47,332.16)</b>	<b>(52,392.38)</b>	<b>(39,707.70)</b>	<b>(51,965.22)</b>
Less: Current Tax	-	-	342.74	389.48
Deferred Tax	-	-	(125.48)	(241.11)
Tax expense pertaining to prior periods				3.75
	<b>(47,332.16)</b>	<b>(52,392.38)</b>	<b>(39,924.96)</b>	<b>(52,117.34)</b>

	Standalone (Audited)		Consolidated (Audited)	
Particulars	Fiscal 2021-22 (Restated)	Fiscal 2022-23	Fiscal 2021-22 (Restated)	Fiscal 2022-23
<b>Profit/ (Loss) from continuing operations</b>				
<b>Discontinued operations:</b>				
Profit/ (Loss) before tax from discontinued operations	(4,984.90)	(853.65)	-	-
Tax (expenses) /credit of discontinued operations			-	-
<b>Profit/ (Loss) from discontinued operations</b>	<b>(4,984.90)</b>	<b>(853.65)</b>	<b>-</b>	<b>-</b>
Other Comprehensive Income	(0.34)	3.49	106.05	91.73
<b>Total comprehensive income/(loss) for the year</b>	<b>(52,317.40)</b>	<b>(53,242.54)</b>	<b>(39,818.91)</b>	<b>(52,025.61)</b>

The following table sets forth select financial data from our consolidated audited statements of profit and loss for Fiscal 2022 and Fiscal 2023, the components of which are also expressed as a percentage of revenue from operations for such years:

#### Audited financial results

(Amount: Rs. in millions)

Particulars	Fiscal 2022 (Audited)*		Fiscal 2023 (Audited)	
	Amount	% of revenue from operations	Amount	% of revenue from operations
Revenue from operations	57,288.21	100.0%	66,439.38	100.0%
EBITDA before exceptional items and ESOP expense^	(17,156.75)	(29.9%)	(7,973.38)	(12.0%)
Loss before exceptional items and tax	(27,099.27)	(47.3%)	(22,745.39)	(34.2%)
Loss for the year / period	(39,924.96)	(69.7%)	(52,117.34)	(78.4%)

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

\* The audited financial information for Fiscal 2022 includes the acquisitions of Erstwhile Ascent Health and Wellness Solutions Private Limited, Erstwhile Medlife International Private Limited, Akna Medical Private Limited, and Thyrocare Technologies Limited from the date of

acquisition.

## **Commentary on audited financial results Fiscal 22 v. Fiscal 23**

### **Revenue from operations**

The Company's concentrated efforts on optimising revenue and increasing profitability lead to increase in revenue from operations by 15.97% to Fiscal 23: ₹66,439.38 million (Fiscal 22: ₹57,288.21 million) which was driven by an increase in both revenue from sale of goods and sale of services.

Our revenue from sale of goods increased by 13.30% primarily due to:

- Sales to Chemist/institutions grew due to expansion to new cities, increase in wallet share of existing customer and new cities opened in last year achieving maturity
- Sales to Hospital increase due to higher wallet share for the existing hospitals and focus on high growth segment customers
- Drop in sales to retailers due to optimization of new customer growth on PharmEasy platform with reduction in marketing spends, focus on higher average order value customer segment

Our revenue from sale of services 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, etc.

This remained stable year-on-year due to higher cross sell on PharmEasy platform for diagnostic test compensating the reduction in COVID related revenue in Thyrocare booked in Fiscal 22.

### **EBITDA before exceptional items and ESOP expense**

Our EBITDA before exceptional items and ESOP expense as a % of revenue improved to (12.0%) in Fiscal 23 [Fiscal 22: (29.9%)] due to optimisation of following expenses:

- *Employee benefit expense*: Rationalisation of the support and technology departments during the year and de-prioritization of non-core businesses.
- *Sales promotion and marketing expense*: Optimization in expense to focus on higher life-time value revenue customer, focussing on efficient marketing channels, reduced spends on brand marketing.
- *Legal and professional fees*: Capital market listing expenses in Fiscal 22 not incurred in Fiscal 23.

### **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 at the time of issuance. This expense is then spread out over the duration during which employees have the option to exercise these stock options.

During the year, the Company re-evaluated its fair market value, aligning it with the overall company valuation. This adjustment has subsequently led to a decrease in the expenses related to the ESOP, with the corresponding impact reflected in the statement of profit and loss account. Amount of expense charged is Rs. 6237 Million (FY 22: Rs.6300 Million)

- *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.

In the current year, the Company revisited its financial projections to reflect a focus on sustainable growth, fundraising needs, and overall market conditions. This resulted in a downward revision of the recoverable value, leading to the booking of an impairment charge. This resulted in charge to statement of profit and loss account of Rs. 29,219.84 Million (FY 22: Rs. 12,608 Million)

## **Loss for the year**

EBITDA before exceptional items and tax as a % of revenue has improved by 13.1% (Fiscal 2023: -34.2%; Fiscal 2022: -47.3%) on account of rationalization of costs and a focus on gross margin expansion. Exceptional items include an impairment of 29,219.84 million in Fiscal 2023 (Fiscal 2022: 12,671 million). Including exceptional items, our loss for the year as a % of revenue is 78.4% in Fiscal 23 (Fiscal 22: 69.7%).

## **(A) MAJOR EVENTS OF THE COMPANY**

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

### **1. Mergers and Acquisitions**

#### **a) Purchase of additional stake in Akna Medical Private Limited**

During the financial year under review, pursuant to agreement to sell dated September 16, 2021, entered into, inter-alia, amongst Akna Medical Private Limited and the Company, the Company acquired additional 45,886 (Forty Five Thousand Eight Hundred and Eighty Six) equity shares amounting to 1.37% of the paid-up share capital of Akna Medical Private Limited ("**Akna**"). Pursuant to the aforesaid acquisition, the share holding of the Company in Akna increased from 67.30% to 68.67% of the paid-up capital of Akna.

#### **b) Acquisition of Pulse Hitech Health Services (Ghatkopar) LLP**

During the financial year under review, Thyrocare Technologies Limited, step down subsidiary of the Company joined as a partner in Pulse Hitech Health Services (Ghatkopar) LLP ("**Pulse**") with an investment of Rs. 2.55 crore (Rupees Two Crore and Fifty Five Lakh Only) and profit sharing ratio of 51%. Hence Pulse became step-down subsidiary of the Company pursuant to the aforesaid investment.

During the financial year under review, except for Pulse, no other company has become a subsidiary, joint venture or associate of the Company.



Further, during the financial year under review, ARZT and Health Private Limited, Medlife Wellness Retail Private Limited and Metarain Distributors Private Limited ceased to be subsidiaries of the Company on account of their merger with Threpsi Solutions Private Limited, a step down subsidiary of the Company which became effective on March 29, 2023 and the appointed date of the merger was January, 22, 2021. In addition to the above, during the financial year under review, Instinct Innovations Private Limited, VPI Medisales Private Limited, Aarush Tirupati Enterprise Private Limited and Cosaintis Products Private Limited ceased to be subsidiaries of the Company.

A separate statement containing the salient features of the financial statements of each of the subsidiaries of the Company is annexed in the prescribed form AOC-1 as **Annexure - I** to this Report.

Report on the highlights of the performance of the subsidiaries and their contribution to the overall performance of the Company during the financial year under review is covered under **Annexure - I** to this report and therefore it is not repeated to avoid duplication.

Any shareholder 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.

**c) Scheme of Amalgamation of AHWSPL India Private Limited, Aycon Graph Connect Private Limited and Threpsi Solutions Private Limited with the Company**

The Board of Directors of the Company, at its meeting held on January 9, 2023, approved the Scheme of Amalgamation of AHWSPL India Private Limited, Aycon Graph Connect Private Limited and Threpsi Solutions Private Limited (hereinafter collectively referred to as “**Transferor Companies**”) with the Company and their respective shareholders (“**Scheme 1**”). Since the Transferor Companies are wholly-owned subsidiaries of the Company, the Scheme 1 was filed under Section 233 of the Act and no shares will be issued pursuant to the Scheme 1. The equity and preference shareholders of the Company approved the Scheme 1 through respective postal ballots on May 5, 2023. The Company has subsequently filed Form CAA-11 with Regional Director, Western Region, Ministry of Corporate Affairs on May 12, 2023. The Board has, post the end of the financial year decided to withdraw the Scheme considering the prevailing scenario as well as delay/ non-receipt of requisite approvals from certain stakeholders of the Company,

**d) 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, at its meeting held on March 3, 2023, had approved the Composite Scheme of Arrangement (“**Composite Scheme**”) amongst the Company, Mahaveer Medi-Sales Private Limited (“**Mahaveer**”) and Ascent Wellness and Pharma Solutions Private Limited (“**Ascent**”) and their respective shareholders and creditors under section 230 to 232 of the Act, which provides for:

- (i) demerger, transfer and vesting of the B2B Business (“**Demerged Undertaking**”) of Mahaveer Medi-Sales Private Limited, which includes wholesale distribution of pharmaceutical, nutraceutical products in India to pharmaceutical distributors and pharmacies including online and offline distribution of pharmaceutical and nutraceutical products, from Mahaveer into Ascent, on a going concern basis and in consideration, the Company shall issue its shares to shareholders of Mahaveer (except Ascent and/or API); and
- (ii) reduction and cancellation of share capital of Mahaveer, to the extent not held by

Ascent and/or API.

Necessary application was filed with National Company Law Tribunal, Mumbai Bench (“**NCLT**”) on March 31, 2023. The NCLT vide its order dated June 8, 2023 (“**NCLT Order**”), inter alia, directed the Company to convene meeting of its equity shareholders and preference shareholders to seek their approval to the Composite Scheme.

In this regard, a meeting of the equity shareholders and preference shareholders of the Company was held on July 27, 2023 and the proposed Composite Scheme was approved by the equity shareholders with requisite majority.

The Company is in the process of complying with the further requirements specified in the NCLT Order.

As part of an overall strategy for the optimum running, growth and development of the businesses of Mahaveer, it is considered desirable and expedient to reorganise and reconstruct Mahaveer. Further, the Composite Scheme is expected, inter alia, to result in unlocking value of the respective businesses of Mahaveer and Ascent based on respective risk return profile and cash flows, provide better flexibility in accessing capital and attract business specific partners and investors; and focused management approach for pursuing revenue growth and expansion opportunities in the respective businesses verticals.

## **2. Change in share capital of the Company:**

During the financial year under review, the Company issued compulsorily convertible preference shares face value of Re. 1/- (Rupee One only) each at an issue price of Rs. 100/- (Rupees One Hundred only) each (including premium of Rs. 99/- (Rupees Ninety Nine only) each) (“**CCPS A**”) by way of rights issue. to its existing equity shareholders of the Company in the ratio of 1:82 i.e. 1 CCPS A for every 82 equity shares held in the Company.

The Company has allotted 5,48,34,727 (Five Crore Forty Eight Lakh Thirty Four Thousand Seven Hundred and Twenty Seven) CCPS A for an aggregate amount of Rs. 548,34,72,700/- (Rupees Five Hundred and Forty Eight Crore Thirty Four Lakh Seventy Two Thousand and Seven Hundred only) pursuant to the aforesaid rights issue.

The paid-up share capital of the Company as on March 31, 2023 is Rs. 619,68,75,797/- (Rupees Six Hundred and Nineteen Crore Sixty Eight Lakh Seventy Five Thousand Seven Hundred and Ninety Seven only) divided into 614,20,41,070 (Six Hundred and Fourteen Crore Twenty Lakh Forty One Thousand and Seventy) equity shares of Re.1/- (Rupee One only) each and 5,48,34,727 (Five Crore Forty Eight Lakh Thirty Four Thousand Seven Hundred and Twenty Seven) preference shares of Re.1/- (Rupee One only) each.

The Board, subsequent to the end of the financial year, determined the conversion price of CCPS A, in accordance with the terms and conditions mentioned in the letter of offer dated September 16, 2022, at Rs. 4.356 (Rupees Four and Three Five Six Paise), which corresponds to a maximum of upto 125,88,32,279 (One Hundred and Twenty Five Crore Eighty Eight Lakh Thirty Two Thousand Two Hundred and Seventy Nine) equity shares to be issued upon conversion of CCPS A on a rounded-up basis.

After the end of the financial year, the Company increased its Authorised Share Capital of the Company from Rs. 1031,08,00,000/- (Rupees One Thousand Thirty One Crore Eight Lakh only) divided into 1004,81,89,000 (One Thousand Four Crore Eighty One Lakh Eighty Nine Thousand) equity shares of Re. 1/- (Rupee One only) each and 26,26,11,000 (Twenty Six Crore Twenty Six Lakh Eleven Thousand) preference shares of Re. 1/- (Rupee One

only) each to INR 3500,00,00,000/- (Indian Rupees Three Thousand Five Hundred Crore only) divided into 3000,00,00,000 (Three Thousand Crore) Equity Shares of Re. 1/- (Rupee One only) each and 500,00,00,000 (Five Hundred Crore) Preference Shares of Re. 1/- (Rupee One only) each.

### **3. Withdrawal of draft red herring prospectus (“DRHP”) with Securities and Exchange Board of India (“SEBI”) and Stock Exchanges**

During the year under review, the IPO Committee of the Board decided to withdraw DRHP filed with SEBI and Stock Exchanges due to market conditions and strategic considerations. The Company intimated the same to SEBI through its book running lead managers vide letter dated July 25, 2022 and to Stock Exchanges vide the Company’s letter dated July 26, 2022. The Company published an advertisement regarding withdrawal of DRHP in respective publication of the Hindustan Times, Mint, The Times of India, The Economic Times and Navbharat Times dated August 27, 2022.

### **4. Alteration of Memorandum of Association, change in nature of business and alteration of Articles of Association**

#### **a. Alteration of Memorandum of Association and change in nature of business**

The shareholders of the Company at the third annual general meeting (“3<sup>rd</sup> AGM”) of the Company held on October 19, 2022 approved the alteration of memorandum of association of the Company by way of addition of new objects which would enable the Company to commence, inter alia, the following businesses:

- wholesale/retail trade and/ or manufacture by itself or on contract, all kinds of pharmaceutical, nutraceutical, fast moving consumer goods, healthcare and other products;
- facilitation of the online requisition by any user for purchase of medicines and wellness / health related products and services;
- design, create, host, develop, own, establish, install, provide, facilitate, license or otherwise deal in any business relating to Internet Portals, networking and communication environments, e-commerce, Web based and Web enabled services and applications

Consequently, the Board of Directors of the Company, at its meeting held on January 09, 2023, approved for acquisition of business undertaking of Threpsi Solutions Private Limited (“**Threpsi**”) and Aarush Tirupati Enterprise Private Limited (“**Aarush**”), wholly owned subsidiaries, situated at Kolkata and Hyderabad, engaged in the business of, inter-alia, sale, purchase, warehousing and storing of pharmaceutical and nutraceutical products. Accordingly, the Company had entered into Agreement to Sell with Threpsi and Aarush and the Company commenced the business of sale of pharmaceutical and nutraceutical products during the year under review.

The shareholders of the Company at the 3<sup>rd</sup> AGM of the Company held on October 19, 2022, had approved transfer of diagnostics business undertaking of the Company by way of slump sale as “going concern” to Docon Technologies Private Limited, wholly owned subsidiary of the Company. Pursuant to the said approval, the Company had entered into an Agreement to Sell with Docon Technologies Private Limited on January 5, 2023 for sale of diagnostics business undertaking and the Company ceased to carry out the diagnostic business during the year under review.

#### **b. Alteration of Articles of Association**

In order to include the terms of the CCPS A issued pursuant to right issue and also on account of withdrawal of the draft red herring prospectus filed by the Company with the Securities and Exchange Board of India, the shareholders of the Company had approved the alteration of articles of association of the Company through postal ballot on February 17, 2023 and substituted the entire articles of association of the Company.

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

**Issuance of Tranche 1 Debentures (Tranche 1 NCDs):** On June 23, 2022, the Company issued and allotted 1,52,000 (One Lakh Fifty Two Thousand) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 1520,00,00,000 (Rupees One Thousand Five Hundred and Twenty Crore only) to Goldman Sachs India AIF Scheme-1 and Goldman Sachs India Alternative Investment Trust AIF Scheme-2 (collectively referred to as “**Goldman Sachs**”).

**Issuance of Tranche 2 Debentures (Tranche 2 NCDs):** On June 23, 2022, the Company issued and allotted 76,000 (Seventy Six Thousand) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 760,00,00,000 (Rupees Seven Hundred and Sixty Crore only) to Goldman Sachs.

**Redemption of Tranche 1 NCDs and Tranche 2 NCDs:** On September 30, 2022, the Company redeemed 13,200 (Thirteen Thousand Two Hundred) Tranche 1 NCDs and 6,600 (Six Thousand Six Hundred) Tranche 2 NCDs held by Goldman Sachs.

**Issuance of Tranche 3 Sub-Tranche A Debentures (Tranche 3A NCDs):** On September 30, 2022, the Company issued and allotted 13,200 (Thirteen Thousand Two Hundred) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 132,00,00,000 (Rupees One Hundred Thirty Two Crore only) to EvolutionX Debt Capital Master Fund 1 Pte. Ltd. (“**EvolutionX**”).

**Issuance of Tranche 4 Sub-Tranche A Debentures (Tranche 4A NCDs):** On September 30, 2022, the Company issued and allotted 6,600 (Six Thousand Six Hundred) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 66,00,00,000 (Rupees Sixty Six Crore only) to EvolutionX.

**Issuance of Tranche 3 Sub-Tranche B Debentures (Tranche 3B NCDs):** On March 8, 2023, the Company issued and allotted 13,200 (Thirteen Thousand Two Hundred) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 132,00,00,000 (Rupees One Hundred Thirty Two Crore only) to EvolutionX.

**Issuance of Tranche 4 Sub-Tranche B Debentures (Tranche 4B NCDs):** On March 8, 2023, the Company issued and allotted 6,600 (Six Thousand Six Hundred) NCDs of a face value of Rs. 1,00,000 (Indian Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 66,00,00,000 (Rupees Sixty Six Crore only) to EvolutionX.

**Redemption of Tranche 1 NCDs and Tranche 2 NCDs:** On March 8, 2023, the Company redeemed 10,662 (Ten Thousand Six Hundred and Sixty Two) Tranche 1 NCDs and 5,271 (Five Thousand Two Hundred and Seventy One) Tranche 2 NCDs held by Goldman Sachs.

**(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, 2023 and the date of this report of the Board of Directors of the Company together with their rational are as under:

## 1. Issue of Reservation of Rights Letters by Debenture Trustee and Debenture Holders:

**Issuance of Reservation of Rights Letters (“ROR Letters”):** Vistra ITCL (India) Limited (“**Debenture Trustee**”) and Goldman Sachs issued reservation of rights 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.

**Undertaking Rights Issue:** One of the conditions under the ROR Letters issued by Goldman Sachs was to undertake a minimum fund raise of Rs. 2,000 crore (Rupees Two Thousand Crore). In order to, *inter alia*, comply with this fund raise condition, the Company undertook a rights issue in September 2023, for an amount of Rs. 3,500 crore (Rupees Three Thousand Five Hundred Crore) by way of issuance of Series B compulsorily convertible preference shares of the Company having face value of Re. 1/- (Rupee One) each, at a premium of Rs. 95.80/- (Rupees Ninety Five and Eighty Paise only) per share (“**CCPS B**”) in accordance with the terms and conditions and as per the Waterfall Mechanism (detailed below) mentioned in the letter of offer dated September 25, 2023 (“**Letter of Offer**”). The Company has subsequently received subscriptions of approximately INR [1,868] crore which has been allotted to the investors as on the date of this Report. The Rights Issue is still ongoing as on the date of this Report.

**Execution of Framework Agreement:** The Company and the Debenture Trustee entered into a framework agreement (“**Framework Agreement**”) summarizing the provisions of settlement arrangement with the Debenture Holders.

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 agreed to be waived. General waiver has also been provided to all defaults including breach of financial covenants set forth in the DTD.
- **Conditions to settlement:** Goldman Sachs / EvolutionX have stipulated certain pre-conditions to the settlement which includes raising Rs. 2,000 crore (Rupees Two Thousand Crore) by way of a rights issue; and execution of revised shareholders agreement of the Company.

As part of the settlement, Company will redeem (i) Tranche 2 NCDs having nominal value of Rs. 760,00,00,000 (Rupees Seven Hundred and Sixty Crore only); (ii) Tranche 4A NCDs having nominal value of Rs. 66,00,00,000 (Rupees Sixty Six Crore only); and (iii) Tranche 4B NCDs having nominal value of Rs. 66,00,00,000 (Rupees Sixty Six Crore only) by way of a combination of (i) cash payment and (ii) issue of CCPS B to the holders of such NCDs for an amount of USD 36.5 million by April 5, 2024, by way of private placement, resolution for which is proposed to be passed at the ensuing annual general meeting.

The terms of the Tranche 1 NCDs and Tranche 3 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.

## **2. Issuance and allotment of compulsorily convertible preference shares**

In furtherance of the explanation mentioned in Paragraph 1 above with regard to the ROR Letters issued by Goldman Sachs, the Board of Directors of the Company had approved issuance of compulsorily convertible preference shares series B ("**CCPS B**") having a face value of Re. 1/- (Rupee One) each, at a premium of Rs. 95.80/- (Rupees Ninety Five and Eighty Paise only) per share, aggregating to not more than Rs. 3500,00,00,000/- (Rupees Three Thousand Five Hundred Crore only) to existing equity shareholders of the Company on right issue basis in the ratio of 1:17 i.e. 1 CCPS B for every 17 equity shares held in the Company as on record date of August 11, 2023.

Further, the Company has allotted 19,29,83,391 (Nineteen Crore Twenty Nine Lakh Eighty Three Thousand Three Hundred and Ninety One) CCPS B having a face value of Re. 1/- (Rupee One) each, at a premium of Rs. 95.80/- (Rupees Ninety Five and Eighty Paise only) aggregating to Rs. 1868,07,92,248.80/- (Rupees One Thousand Eight Hundred Sixty Eight Crore Seven Lakh Ninety Two Thousand Two Hundred and Forty Eight and Eighty Paise only)], to its Eligible Equity Shareholders (as defined in the Letter of Offer).

Keeping in mind the interests of the Company to meet the condition of raising capital as well as treating all the existing stakeholders fairly, the Board (in exercise of its powers under Section 62(1)(a)(iii) of the Act) had decided to allot the Unsubscribed Rights Issue Amount to the following persons (and their respective renounces, if applicable) ("**Other Eligible Persons**") in the manner and subject to the terms and conditions set out below ("**Waterfall Mechanism**"):

- (i) firstly, to the Pre-emption Holders (as defined under the Articles) (to the extent they have applied for CCPS B in excess of their respective Rights Entitlement), who have issued an unconditional Proposed Issuance Acceptance (in response to the Proposed Issuance Notice dated July 26, 2023) on or prior to August 16, 2023 and have elected to subscribe to CCPS B over and above their Rights Entitlement ("Pre-emption Exercisees"). The Board has issued and allotted 5,06,15,097 (Five Crore Six Lakh Fifteen Thousand and Ninety Seven) CCPS B to such Pre-emption Exercisees, for an aggregate amount of Rs. 489.95 crore (Rupees Four Hundred Eighty Nine Crore and Ninety Five Lakh only).
- (ii) secondly, to the holders of CCPS A (who have entirely subscribed to their respective Rights Entitlement as equity shareholder, if applicable) as of the Record Date, other than the Pre-emption Exercisees, in proportion to their respective shareholding on a Fully Diluted Basis. The Board has issued and allotted 77,256 (Seventy Seven Thousand Two Hundred and Fifty Six) CCPS B to such holders of CCPS A, for an aggregate amount of Rs. 74,78,380.80 (Rupees Seventy Four Lakh Seventy Eight Thousand Three Hundred and Eighty and Paise Eighty Only)
- (iii) thirdly, to ESOP holders of the Company (who have entirely subscribed to their respective Rights Entitlement as equity shareholder, if applicable) as of the Record Date in proportion to their respective shareholding on a Fully Diluted Basis. The Company has received the subscription amounts and is in the process of reviewing them and would allot CCPS B in accordance with the provisions of the Letter of Offer.

## **3. Issuance and Allotment of Unlisted, Unrated, Secured, Redeemable, Non-Convertible Debentures**

The Board of Directors of the Company had issued and allotted 10,000 (Ten Thousand) unrated, unlisted, unsecured, redeemable, non-convertible debentures at a face value of Rs. 1,00,000/- (Rupees One Lakh only) each at a discount of 4%, aggregating to Rs. 96,00,00,000 (Rupees Ninety Six Crore only) on a private placement basis to INCRED Wealth and Investment Services Private Limited, which has also been redeemed by the Company subsequently, before the date of this Report.

#### **4. Acquisitions of Stake on other Companies:**

- i) The Company acquired additional 2,000 equity shares amounting to 20.00% 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 80.00% to 100.00%.
- ii) Thyrocare Technologies Limited ("**TTL**"), step down subsidiary of the Company has acquired 50% stake in Thyrocare Laboratories (Tanzania) Limited ("Thyrocare Laboratories") pursuant to a Share Subscription Agreement executed inter-alia amongst Thyrocare Laboratories and TTL. Thyrocare Laboratories was incorporated with the objective to engage, inter-alia, in providing diagnostic and healthcare services to customers directly, through the laboratories owned and operated by Thyrocare Laboratories or through partner laboratories in Tanzania.

#### **(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 of Directors and Key Managerial Personnel:

##### **Directors**

Mr. Ramakant Sharma (DIN 02318054) resigned from the directorship of the Company with effect from April 21, 2022, due to his other commitments.

##### **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(7) of the Act.

The Board of Directors of the Company has satisfied itself and is of the opinion that the Independent Director(s) appointed during the financial year 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, 2023, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

##### **Key Managerial Personnel ("KMP")**

Dr. Dhaval Shah (DIN 07485688) was appointed as an Interim Chief Financial Officer of the Company with effect from March 03, 2023, pursuant to the resignation of Mr. Venkataramana Ram Chebolu from the office of Chief Financial Officer of the Company.

Further, subsequent to the end of the financial year, Mr. Yartharth Bhargova was appointed as Chief Financial Officer of the Company effective from October 3, 2023 and consequently, Mr. Dhaval Shah ceased to be Interim Chief Financial Officer of the Company.

### **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, Key Managerial Personnel and other Employees of the Company is formulated to attract, retain and motivate members for 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 for 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's criteria for assessing independence of Independent Directors is available on the Company's website and can be accessed at <https://www.apiholdings.in/policies>.

### **Performance Evaluation of Directors**

During the year, 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.

The Independent Directors have submitted to the Board their respective declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Act.

### **Directors' Responsibility Statement**

Your directors state that:

- a. in the preparation of the annual accounts for the year ended March 31, 2023, 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, 2023 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**

M/s. 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 2<sup>nd</sup> Annual General Meeting of the Company till the conclusion of the 7<sup>th</sup> 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, 2023, 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 of Directors of the Company appointed M/s. HRU & Associates, Company Secretaries, (C.P. Number: 20259), as the Secretarial Auditors to conduct the Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report provided by M/s. HRU & Associates, Company Secretaries for the financial year 2022-23, in Form MR-3 as **Annexure III**, forms part to this report.

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

### **Cost Records and Cost Auditor**

Pursuant to the approval of the shareholders of the Company at the previous Annual General Meeting held on October 19, 2022, Company has approved and transferred its diagnostics business undertaking of the Company by way of slump sale as "going concern" to Docon Technologies Private Limited, wholly owned subsidiary of the Company under Section 180(1)(a) of the Act.

Based on the above approval, the requirements of maintaining cost Audit records and appointment of Cost Auditor pursuant to section 148 of the Act is not applicable to the Company for the year under review.

### **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, your 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>.

## **Internal Financial Control systems and their 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, investments made 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 2022-23 (Refer note nos. 7 and 49 of standalone financial statements for the year ended March 31, 2023).

## **(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 Companies Act, 2013 is attached as **Annexure II**.

Disclosures on related party transactions carried out during the financial year 2022-23, 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 2022-23 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**

In terms of Section 135 of Act and rules made thereunder, for the financial year 2022-23, the Company was not eligible to mandatorily spend any amount to undertake any corporate social responsibility activity as mentioned in schedule VII of the Act.

Your Company has formulated a policy on Corporate Social Responsibility which 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 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	:	99,89,34,872 (Total options granted till FY23)	
b.	Options vested during the year	:	15,53,87,786	
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	:	3,85,23,098	
f.	Exercise price	:	NA	
g.	Variation of terms of options	:	<p>Vesting Date for 2,03,913 number of ESOP units were accelerated during the financial year.</p> <p>Further, at the 3<sup>rd</sup> AGM held on October 19, 2022, the shareholders approved variation of terms of ESOPs granted/ to be granted under ESOP Pools 19, 20 and 21.</p>	
h.	Money realized on exercise of options	:	-	
i.	Total number of options in force	:	86,87,60,377	
j.	Employee wise details of options granted to:			
(i)	Key managerial personnel / Senior Management Personnel	:	Name	No. of options granted & in force

Sr. No.	Particulars		ESOP Scheme 2020													
			Mr. Dhaval Shah	10,32,88,460												
			Mr. Dharmil Sheth	10,32,88,460												
			Mr. Siddharth Shah	10,32,88,460												
			Mr. Harsh Parekh	10,32,88,460												
			Mr. Hardik Dedhia	10,32,88,460												
			Mr. Abhinav Yajurvedi	2,26,39,430												
			Ms. Savita Sharma	13,00,000												
			Mr. Akarsh Bhardwaj	63,31,710												
			Ms. Drashti Shah	43,90,100												
			Mr. Chebolu V. Ram *	8,28,538												
(ii)	Any other employee to whom options granted during the financial year 2022-23 amounted to five percent or more of total options granted during the said financial year	:	The employees to whom options granted during financial year 2022-23 amounted to five percent or more of the total options granted during the financial year 2022-23:													
			<table><tr><th>Name</th><th>No. of options granted in FY23</th></tr><tr><td>Mr. Dhaval Shah</td><td>5,50,00,000</td></tr><tr><td>Mr. Dharmil Sheth</td><td>5,50,00,000</td></tr><tr><td>Mr. Siddharth Shah</td><td>5,50,00,000</td></tr><tr><td>Mr. Harsh Parekh</td><td>5,50,00,000</td></tr><tr><td>Mr. Hardik Dedhia</td><td>5,50,00,000</td></tr></table>	Name	No. of options granted in FY23	Mr. Dhaval Shah	5,50,00,000	Mr. Dharmil Sheth	5,50,00,000	Mr. Siddharth Shah	5,50,00,000	Mr. Harsh Parekh	5,50,00,000	Mr. Hardik Dedhia	5,50,00,000	
Name	No. of options granted in FY23															
Mr. Dhaval Shah	5,50,00,000															
Mr. Dharmil Sheth	5,50,00,000															
Mr. Siddharth Shah	5,50,00,000															
Mr. Harsh Parekh	5,50,00,000															
Mr. Hardik Dedhia	5,50,00,000															
(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													

\*Mr. Chebolu V. Ram ceased to be a KMP on October 31, 2022.

**(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 sensitise 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, 08 (eight) 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 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 of Directors 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 4 (four) 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 2022-23 is detailed below:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Director category</b>	<b>Nature of membership</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
1.	Mr. Subramaniam Somasundaram	Independent Director	Chairperson	4	4
2.	Mr. Deepak Vaidya	Independent Director	Member	4	4
3.	Mr. Harsh Parekh	Whole-time Director	Member	4	4

#### **b. Nomination and Remuneration Committee**

During the financial year under review, the Nomination and Remuneration Committee met 2 (two) 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 2022-23 is detailed below:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Director category</b>	<b>Nature of membership</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>

1.	Mr. Deepak Vaidya	Independent Director	Chairperson	2	2
2.	Dr. Jaydeep Tank	Independent Director	Member	2	2
3.	Mr. Ankur Thadani	Non-executive Director	Member	2	0

#### **c. Stakeholders' Relationship Committee**

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

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Director category</b>	<b>Nature of membership</b>
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

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:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>Director category</b>	<b>Nature of membership</b>
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	Co-founder, 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, in compliance with the requirements of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, for the downstream investments made by the Company during the financial year 2022-23.

#### **(P) Annual Return**

The Annual Return in Form MGT-7 as on March 31, 2023, is available on the website of the Company at <https://www.apiholdings.in/>

**(Q)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. Conducting energy audits and investing in energy efficient infrastructure and design

- 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 KW solar power capacity plant at Bengaluru warehouse which generated 3,27,591 KWH of solar power during the financial year 2022-2023, saving approximately more than Rs 50,00,000/- (Rupees Fifty Lakhs only) in terms of electricity bill and also equivalent to mitigating approximately 2,30,000 kgs of carbon dioxide into the atmosphere; thus contributing to towards the environment.

The Company also finalized installation of 300 KWH at Mumbai warehouse to be operational in financial year 2023-2024

- c. Capital investment on energy conservation equipment:** The Company through its group companies have invested Rs. 88,82,214/ (Rupees Eighty Eight Lakh Eighty Two Thousand Two Hundred and Fourteen only) towards energy conservation efforts.

**2. Technology Absorption**

- a. Major efforts made towards technology absorption:** None
- b. The benefits derived like product improvement, cost reduction, product development or import substitution:** The Company has not entered into any technology agreement or collaborations.
- c. Information regarding imported technology (Imported during the last three years):** The Company has not imported any technology during the year under review.
- d. Expenditure incurred on research and development:** Nil

### 3. Foreign Exchange Earnings and Outgo:

Particulars	Financial year 2021-22 (In Rs.)	Financial year 2022-23 (In Rs.)
Foreign Exchange earned in terms of actual inflows	Nil	Nil
Foreign Exchange used in terms of actual outflows	23,389,392	6,28,95,499

### 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. No fraud has been reported by the Auditors to the Audit Committee or the Board.
4. Since the Company has suffered losses, no amount has been transferred to the reserves account.
5. There were no one time settlements for loan from Banks or Financial Institutions.
6. There were no funds required to be transferred to the Investor Education and Protection Fund.
7. There is no application made or proceedings pending under the Insolvency and Bankruptcy Code, 2016 against the Company during the financial year 2022-23.
8. 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

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/-

**Dharmil Sheth**  
**Chief Business Officer and**  
**Whole Time Director**  
DIN: 06999772  
Address: 8A, 804, Akash  
Deep CHS Damodar Park,  
LBS Marg, Near R City Mall,  
Ghatkopar West, Mumbai 400  
086, Maharashtra, India

Place: Mumbai

Date: December 5, 2023



**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 A Subsidiaries**

(Rs. In Millions)

Sr. No.	1	2	3	4	5	6	7	8
Name of the Subsidiary	Threpsi Solutions Private Limited	Aycon Graph Connect Private Limited	AHWSPL India Private Limited	Docon Technologies Private Limited	Ayro Retail Solutions Private Limited	Ascent Wellness and Pharma Solutions Private Limited	Aryan Wellness Private Limited	Reenav Pharma Private Limited
The date since when subsidiary was acquired	27 August 2020	21 June 2019	23 May 2019	27 August 2020	27 August 2020	27 May 2019	27 August 2020	27 August 2020
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	18.86	0.10	0.10	142.53	0.10	0.10	0.10	1.00

[illegible]

Sr. No.	9	10	11	12	13	14	15	16
Name of the Subsidiary	AKP Healthcare Private Limited	D. C. Agencies Private Limited	Desai Pharma Distributors Private Limited	Eastern Agencies Healthcare Private Limited	Muthu Pharma Private Limited	Pearl Medicals Private Limited	Rau and Co Pharma Private Limited	Shell Pharmaceuticals Private Limited
The date since when subsidiary was acquired	27 August 2020	27 August 2020	27 August 2020	27 August 2020	27 August 2020	27 August 2020	27 August 2020	27 August 2020
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	0.20	0.10	55.50	117.50	2.50	0.10	1.00	0.90
Compulsory convertible debentures	-	1,002.62	143.65	645.85	-	-	-	-
Compulsory convertible preference shares	-	-	-	-	-	-	-	-
Reserves and surplus	214.05	(624.59)	(93.03)	(357.31)	(505.71)	46.68	94.34	27.75
Total assets	668.65	1,204.89	383.10	1,280.23	265.60	46.78	95.34	28.65
Total Liabilities (Excluding share capital and reserves and surplus)	454.40	826.76	276.98	874.19	768.81	0.00	-	(0.00)

Investments (Carrying value)	-	-	0.50	-	-	-	-	-
Turnover	2,280.30	2,978.95	1,155.72	3,147.71	-	-	-	-
Profit/(Loss) before taxation	8.40	(188.96)	(3.75)	6.84	-	-	-	-
Provision for taxation	1.49	-	-	-	-	-	-	-
Profit (Loss) after taxation	5.82	(187.91)	(3.75)	6.95	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2022-23	51%	100%	100%	100%	100%	100%	100%	100%

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 Distributor s Private Limited	Avighna Medicare Private Limited	Akna Medical Private Limited	Allumer Medical Private Limited	Shreeji Distributor s Pharma Private Limited
The date since when subsidiary was acquired	27 August 2020	27 August 2020	27 August 2020	27 August 2020	15 January 2021	17 September 2021	17 September 2021	17 September 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	INR	INR	INR	INR	INR	INR	INR	INR

relevant Financial year in the case of foreign subsidiaries.								
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	(187.90)	848.24	(55.90)	(79.87)	(10.89)	2,934.02	(170.54)	31.80
Total assets	2.84	2,364.69	378.11	498.03	209.92	6,531.18	11.29	907.96
Total Liabilities (Excluding share capital and reserves and surplus	190.64	1,512.45	433.91	193.24	220.71	3,563.63	82.62	875.16
Investments (Carrying value)	-	-	-	-	-	1,952.90	-	-
Turnover	-	8,570.38	849.80	882.57	683.82	3,482.63	15.13	2,042.25
Profit/(Loss) before taxation	(15.82)	149.49	(38.08)	45.11	(14.38)	(2,242.94)	(7.54)	(148.07)
Provision for taxation	-	1.24	(6.15)	10.93	0.01	-		(29.12)
Profit (Loss) after taxation	(15.82)	150.73	(31.52)	34.13	(14.38)	(2,242.94)	(7.54)	(118.90)
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2022-23	100%	51%	51%	51%	100%	69%	100%	100%

Sr. No.	25	26	27	28	29	30	31
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
The date since when subsidiary was acquired	17 September 2021	17 September 2021	17 September 2021	02 September 2021	02 September 2021	22 November 2021	24 November 2022
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
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
Share capital	55.50	0.02	0.10	529.30	111.11	0.10	36.00
Compulsory convertible debentures	-	-	-	-	-	-	-
Compulsory convertible preference shares	-	-	-	-	-	-	-
Reserves and surplus	531.89	(0.04)	(93.97)	4,681.10	627.27	(580.60)	(2.71)
Total assets	3,744.63	-	111.63	6,118.70	812.29	35.18	105.84
Total Liabilities (Excluding share capital and reserves and surplus)	3,157.24	0.02	205.50	908.30	73.91	615.68	72.55

Investments (Carrying value)	-	-	-	1,011.78	211.22	-	-
Turnover	5,985.49	-	386.63	4,864.64	402.08	134.13	-
Profit/(Loss) before taxation	(25.06)	(0.03)	(66.06)	810.78	63.54	(329.65)	(2.71)
Provision for taxation	2.32			240.97	1.32	-	-
Profit (Loss) after taxation	(26.89)	(0.03)	(66.06)	569.81	62.22	(329.65)	(2.71)
Proposed Dividend	-		-	Rs. 18 per share	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2022-23	100%	100%	100%	71.14%	100%	80%	51.00%

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

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

(i) VPI Medisales Private Limited ceased to be subsidiary of the Company with effect from March 31, 2023

(ii) Aarush Tirupati Enterprise Private Limited ceased to be subsidiary of the Company with effect from March 31, 2023

(iii) Instinct Innovations Private Limited ceased to be subsidiary of the Company with effect from March 31, 2023

(iv) Cosaintis Products Private Limited ceased to be subsidiary of the Company with effect from February 10, 2023

(v) The National Company Law Tribunals, approved scheme of amalgamation of Medlife Wellness Retail Private Limited, Metarain Distributors Private Limited and ARZT and Health Private Limited ("Transferred Entities") and their respective shareholders with the Company which was made effective from March 29, 2023. Hence with effect from March 29, 2023, the Transferred Entities ceased to be subsidiaries of the Company.

**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**

(Rs. In Millions)

<b>Sr. No.</b>	<b>1</b>	<b>2</b>	<b>3</b>
Name of the Associates or Joint Ventures	<b>MARG ERP Ltd</b>	<b>Equinox Labs Limited</b>	<b>Impex Healthcare Private Limited</b>
1. Latest audited Balance Sheet Date	31 March 2023	31 March 2023	31 March 2023
2. Date on which the Associate or Joint Venture was associated or acquired	14 October 2021	02 September 2021	17 September 2021
3. Shares of Associate or Joint Ventures held by the company on the year end	49.17%	30.00%	26.00%
No. of Shares	49,17,499	4,29,186	6,50,000
Amount of Investment in Associates or Joint Venture	2,544.73	221.00	214.07
Extent of Holding (in percentage)	49.17%	30.03%	26%
4. Description of how there is significant influence	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
6. Net worth attributable to shareholding as per latest audited Balance Sheet	242.36	85.17	183.20
7. Profit or Loss for the year	23.29	39.41	37.51
i. Considered in Consolidation	11.45	11.83	9.75
ii. Not Considered in Consolidation	11.84	27.57	27.76



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/-**

**Yatharth Bhargova**

(Chief Financial Officer)

ICAI Membership No. 504705

Address: 6190 Pocket-9 Sector-B Vasant Kunj, Vasant Vihar, South  
WestDelhi 110070

Place: Mumbai

Date: December 5, 2023

**Sd/-**

**Dharmil Sheth**

(Chief Business officer and Whole Time Director)

DIN: 06999772

Address: 8A, 804, Akash Deep CHS  
Damodar Park, LBS Marg, Near R City Mall,  
Ghatkopar West, Mumbai  
400086, Maharashtra, India

**Sd/-**

**Drashti Shah**

(Company Secretary and Chief Compliance Officer)

Membership No. ACS22968

Address: B/10, Ranjit Society, S.N Road,  
Mulund (West) – 400080

Place: Mumbai

Date: December 5, 2023

**Annexure II**  
**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 sub-section (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**

<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/ arrangements/ transactions</b>	<b>Relationship</b>	<b>Duration of the contracts/ arrangements/ transactions</b>	<b>Salient terms of the contracts or arrangements or transactions including the value, if any</b>	<b>Justification for entering into such contracts or arrangements or transactions</b>	<b>Date(s) of approval by the Board</b>	<b>Amount paid as advances, if any</b>	<b>Date on which the special resolution was passed in general meeting as required under first proviso to section 188</b>
Threpsi Solutions Private Limited	Loan given	Subsidiary	Short term loan	Unsecured loan carrying interest rate 12.50% from April 2022 to October 2022, and 8% w.e.f from November 2022 to March 2023	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 Rs. 17,882.71 million (Rs. 12,792.58 million during April 2022 to October 2022 and Rs. 5,090.13 million during November 2022 to March 2023.	October 19, 2022
Ascent Wellness and Pharma Solutions Private Limited	Loan given	Step down subsidiary	Short term loan	Unsecured loan carrying interest rate 12.50% from April 2022 to October 2022, and 8% w.e.f from November 2022 to March 2023	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 Rs. 10,001.21 million (Rs. 8,539.22 million during April 2022 to October 2022 and Rs. 1,461.98 million during November 2022 to March 2023.	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	MacRitchie Investments Pte. Ltd.	Entities having significant influence over the Company (having rights to appoint board member)	Issuance of compulsorily convertible preference shares Series A	NA	As per terms of issue of CCPS A mentioned in Note no. 21 of balance sheet	1,875.00	September 29, 2022, November 4, 2022	NA
2	Naspers Ventures B. V.	Entities having significant influence over the Company (having rights to appoint board member)	Issuance of compulsorily convertible preference shares Series A	NA	As per terms of issue of CCPS A mentioned in Note no. 21 of balance sheet	1,875.00	September 29, 2022, November 4, 2022	NA
3	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 A	NA	As per terms of issue of CCPS A mentioned in Note no. 21 of balance sheet	1,000.00	November 15, 2022	NA
4	Threpsi Solutions Private Limited ("Threpsi")	Subsidiary	Purchase consideration for business transfer	NA	Business transfer of Pharma distribution division of Threpsi situated at Kolkata and Hyderabad units to the Company at book value	938.45	January 9, 2023	NA
5	Docon Technologies Private Limited ("Docon")	Subsidiary	Sale consideration for business transfer	NA	Business transfer of Diagnostics division of the Company to Docon at book value	2,602.89	September 13, 2022	NA

6	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Investment in compulsorily convertible debentures of subsidiaries	NA	As per terms of issue of compulsorily convertible debentures	1,223.50	September 9, 2021	NA
<i>*As the transactions were in ordinary course and at arm's length, no approval of the Board of Directors was required as per Section 188 of the Companies Act, 2013. However, Company has taken the approval of the Board of Directors as good corporate governance practice.</i>								

**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/-  
Dharmil Sheth  
Chief Business Officer and Whole Time Director  
DIN: 06999772  
Address: 8A, 804, Akash Deep CHS Damodar Park, LBS Marg, Near R City Mall, Ghatkopar West, Mumbai 400 086, Maharashtra, India**

Place: Mumbai  
Date: December 5, 2023



**HRU & ASSOCIATES**  
**Company Secretaries**

Mobile(s):  
9967744943/8104259060

E-mail :  
hemanshu.upadhyay14@gmail.com

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

**OFFICE:**  
OFFICE 15, 1st floor, Rekha  
Building, Daulat Nagar, near  
Sheth D.M High School,  
Mumbai -400067..

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**For the Financial Year ended 31<sup>st</sup> March 2023**

*[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**  
**(Formerly known as API Holdings Private Limited)**  
902, 9<sup>th</sup> Floor, Raheja Plaza 1,  
B-Wing, Opposite R-City Mall, 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 (Formerly known as API Holdings Private Limited)**. 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, 2023 ("**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, 2023, 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, and External Commercial Borrowings, to the extent applicable.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):  
The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, (**Not Applicable to the Company during the Audit Period**).
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, to the extent applicable.
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, to the extent applicable.
  - c) 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**)
  - d) 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**)
  - e) 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**)
  - f) 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
  - g) 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 Act and the applicable Rules and other applicable general laws, rules, regulations, and guidelines:

- a) The Bio-Medical Wastes Management Rules, 2016.
- b) The Clinical Establishments (Registration and Regulation) Act, 2010, and rules made thereunder.
- c) The Drugs and Cosmetics Act, 1940 and rules made thereunder.
- d) The Trademarks Act, 1999.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

During the Audit Period, adequate notice was given to all directors to schedule the board meetings; the agenda and detailed notes on the 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. The Company has undertaken the following issuance, allotment, and redemption of Unlisted, Unrated, Secured, Redeemable, Non-Convertible Debentures (“NCDs”) and incidental matters related thereto:

**Issuance of Tranche 1 Debentures (Tranche 1 NCDs):** On June 23, 2022, the Company issued and allotted 1,52,000 (One Lakh Fifty-Two Thousand) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 1520,00,00,000 (Rupees One Thousand Five Hundred and Twenty Crore only) to Goldman Sachs India AIF Scheme-1 and Goldman Sachs India Alternative Investment Trust AIF Scheme-2 (collectively referred to as “**Goldman Sachs**”).

**Issuance of Tranche 2 Debentures (Tranche 2 NCDs):** On June 23, 2022, the Company issued and allotted 76,000 (Seventy-Six Thousand) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 760,00,00,000 (Rupees Seven Hundred and Sixty Crore only) to Goldman Sachs.

**Redemption of Tranche 1 NCDs and Tranche 2 NCDs:** On September 30, 2022, the Company redeemed 13,200 (Thirteen Thousand Two Hundred) Tranche 1 NCDs and 6,600 (Six Thousand Six Hundred) Tranche 2 NCDs held by Goldman Sachs.

**Issuance of Tranche 3 Sub-Tranche A Debentures (Tranche 3A NCDs):** On September 30, 2022, the Company issued and allotted 13,200 (Thirteen Thousand Two Hundred) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 132,00,00,000 (Rupees One Hundred Thirty-Two Crore only) to EvolutionX Debt Capital Master Fund 1 Pte. Ltd. (“**EvolutionX**”).

**Issuance of Tranche 4 Sub-Tranche A Debentures (Tranche 4A NCDs):** On September 30, 2022, the Company issued and allotted 6,600 (Six Thousand Six Hundred) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 66,00,00,000 (Rupees Sixty-Six Crore only) to EvolutionX.

**Issuance of Tranche 3 Sub-Tranche B Debentures (Tranche 3B NCDs):** On March 8, 2023, the Company issued and allotted 13,200 (Thirteen Thousand Two Hundred) NCDs of a face value of Rs. 1,00,000 (Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 132,00,00,000 (Rupees One Hundred Thirty-Two Crore only) to EvolutionX.

**Issuance of Tranche 4 Sub-Tranche B Debentures (Tranche 4B NCDs):** On March 8, 2023, the Company issued and allotted 6,600 (Six Thousand Six Hundred) NCDs of a face value of Rs. 1,00,000 (Indian Rupees One Lakh only) each aggregating up to an amount equivalent to Rs. 66,00,00,000 (Rupees Sixty-Six Crore only) to EvolutionX.



**Redemption of Tranche 1 NCDs and Tranche 2 NCDs:** On March 8, 2023, the Company redeemed 10,662 (Ten Thousand Six Hundred and Sixty-Two) Tranche 1 NCDs and 5,271 (Five Thousand Two Hundred and Seventy-One) Tranche 2 NCDs held by Goldman Sachs.

- II. The IPO Committee of the Board decided to withdraw the draft red herring prospectus ("DRHP") filed with the Securities and Exchange Board of India ("SEBI") and Stock Exchanges due to market conditions and strategic considerations. The Company intimated the same to SEBI through its book running lead managers vide letter dated July 25, 2022 and to Stock Exchanges vide the Company's letter dated July 26, 2022. The Company published an advertisement regarding the withdrawal of DRHP in the respective publications of the Hindustan Times, Mint, The Times of India, The Economic Times and Navbharat Times dated August 27, 2022.
- III. The Company issued series A compulsorily convertible preference shares face value of Re. 1/- (Rupee One only) each at an issue price of Rs. 100/- (Rupees One Hundred only) each (including premium of Rs. 99/- (Rupees Ninety-Nine only) each) ("CCPS A") by way of a rights issue to its existing equity shareholders of the Company in the ratio of 1:82 i.e. 1 CCPS A for every 82 equity shares held in the Company.

The Company has allotted 5,48,34,727 (Five Crore Forty-Eight Lakh Thirty-Four Thousand Seven Hundred and Twenty-Seven) CCPS A for an aggregate amount of Rs. 548,34,72,700/- (Rupees Five Hundred and Forty-Eight Crore Thirty-Four Lakh Seventy Two Thousand and Seven Hundred only) as per the terms of the letter of offer dated September 16, 2022.

- IV. The shareholders of the Company through a postal ballot on February 17, 2023, approved the alteration of articles of association of the Company and substituted the entire articles of association of the Company to include the terms of the CCPS A issued according to right issue and also on account of withdrawal of the draft red herring prospectus filed by the Company with the Securities and Exchange Board of India.
- V. The shareholders of the Company at the third annual general meeting ("3<sup>rd</sup> AGM") of the Company held on October 19, 2022, approved the alteration of the memorandum of association of the Company by way of the addition of new objects which would enable the Company to commence, inter alia, the following businesses:
- wholesale/retail trade and/ or manufacture by itself or on contract, all kinds of pharmaceutical, nutraceutical, fast-moving consumer goods, healthcare and other products;
  - facilitation of the online requisition by any user for the purchase of medicines and wellness/health related products and services;
  - design, create, host, develop, own, establish, install, provide, facilitate, license, or otherwise deal in any business relating to Internet Portals, networking and communication environments, e-commerce, Web-based and Web-enabled services and applications.

Consequently, the Board of Directors of the Company, at its meeting held on January 09, 2023, approved for acquisition of business undertaking of Threpsi Solutions Private Limited ("**Threpsi**") and Aarush Tirupati Enterprise Private Limited ("**Aarush**"), wholly owned subsidiaries, situated at Kolkata and Hyderabad, engaged in the business of, inter-alia, sale, purchase, warehousing and storing of pharmaceutical and nutraceutical products. Accordingly, the Company had entered into an Agreement to Sell with Threpsi and Aarush and the Company commenced the business of sale of pharmaceutical and nutraceutical products during the year under review.

- VI. The shareholders of the Company at the 3<sup>rd</sup> AGM of the Company held on October 19, 2022, had approved the transfer of diagnostics business undertaking of the Company by way of slump sale as "going concern" to Docon Technologies Private Limited, a wholly owned subsidiary of the Company. Pursuant to the said approval, the Company had entered into an Agreement to Sell with Docon Technologies Private Limited on January 5, 2023, for the sale of a diagnostics business undertaking and the Company ceased to carry out the diagnostic business during the year under review.
- VII. Pursuant to an agreement to sell dated September 16, 2021, entered into, inter-alia, amongst Akna Medical Private Limited and the Company, the Company acquired an additional 45,886 (Forty Five Thousand Eight Hundred and Eighty Six) equity shares amounting to 1.37% of the paid-up share capital of Akna Medical Private Limited ("**Akna**"). Pursuant to the aforesaid acquisition, the shareholding of the Company in Akna increased from 67.30% to 68.67% of the paid-up capital of Akna.
- VIII. The Board of Directors of the Company, at its meeting held on January 9, 2023, approved the Scheme of Amalgamation of AHWSPL India Private Limited, Aycon Graph Connect Private Limited, and Threpsi Solutions Private Limited (hereinafter collectively referred to as "**Transferor Companies**") with the Company and their respective shareholders ("**Scheme 1**"). Since the Transferor Companies are wholly owned subsidiaries of the Company, Scheme 1 was filed under Section 233 of the Act and no shares will be issued pursuant to Scheme 1.
- IX. The Board of Directors of the Company, at its meeting held on March 3, 2023, had approved the Composite Scheme of Arrangement ("**Composite Scheme**") amongst the Company, Mahaveer Medi-Sales Private Limited ("**Mahaveer**") and Ascent Wellness and Pharma Solutions Private Limited ("**Ascent**") and their respective shareholders and creditors under section 230 to 232 of the Act, which provides for:
- (i) demerger, transfer, and vesting of the B2B Business ("**Demerged Undertaking**") of Mahaveer Medi-Sales Private Limited, which includes wholesale distribution of pharmaceutical, nutraceutical products in India to pharmaceutical distributors and pharmacies including online and offline distribution of pharmaceutical and nutraceutical products, from Mahaveer into Ascent, on a going concern basis and in consideration, the Company shall issue its shares to shareholders of Mahaveer (except Ascent and/or API); and
  - (ii) reduction and cancellation of the share capital of Mahaveer, to the extent not held by Ascent and/or API.

A necessary application was filed with the National Company Law Tribunal, Mumbai Bench ("NCLT") on March 31, 2023.

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

**For HRU & Associates**  
**Company Secretaries**

Sd/-

**Hemanshu Upadhyay**

Proprietor

Membership No. 46800

C.P Number: 20259

UDIN: A046800E002770444

Date: 05-12-2023

Place: Mumbai

## **Annexure to the secretarial audit report**

To  
The Members,  
**API Holdings Limited**  
**(Formerly known as API Holdings Private Limited)**  
902, 9<sup>th</sup> Floor, Raheja Plaza 1,  
B-Wing, Opposite R-City Mall, 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 (Formerly known as API Holdings Private 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**

Sd/-  
**Hemanshu Upadhyay**  
Proprietor  
Membership No. 46800  
C.P Number: 20259  
UDIN: A046800E002770444

Date: 05-12-2023  
Place: Mumbai