



API HOLDINGS LIMITED
CIN: U60100MH2019PLC323444

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DIRECTORS' REPORT

Dear Members,

Your directors are pleased to present the 3rd 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, 2022.

FINANCIAL HIGHLIGHTS

The Company’s audited standalone and consolidated financial performance for the financial year ended March 31, 2022 is summarised below:

(Amount: Rs. in millions)

Particulars	Standalone (Audited)		Consolidated (Audited)		Consolidated (Pro-forma)	
	FY 2021-22	FY 2020-21 (Restated*)	FY 2021-22	FY 2020-21	FY 2021-22 Pro Forma Financials** (Unaudited)	FY 2020-21 Pro Forma Financials**
Revenue from operations	1,697.40	504.54	57,288.21	23,352.69	63,836.30	43,192.15
Other Income	1,771.01	253.42	521.81	253.93	774.28	439.51
Total Revenue	3,468.41	757.96	57,810.02	23,606.62	64,610.58	43,631.66
Less: Total Expense	10,868.92	1,554.72	84,915.90	29,809.28	91,934.17	57,592.53
Loss before share of profit of associates, exceptional items and tax	(7,400.51)	(796.76)	(27,105.88)	(6,202.66)	(27,323.59)	(13,960.87)
Share of profit of associates, net of tax	0.00	0.00	6.61	0.00	4.06	(0.74)
Loss before exceptional items and tax	(7,400.51)	(796.76)	(27,099.27)	(6,202.66)	(27,319.53)	(13,961.61)
Exceptional items	(43,409.59)	0.00	(12,608.43)	0.00	(12,752.70)	(1,083.42)
Loss before tax	(50,810.10)	(796.76)	(39,707.70)	(6,202.66)	(40,072.23)	(15,045.03)
Less: Current Tax	0.00	0.00	342.74	46.68	709.35	543.03
Deferred Tax	0.00	0.80	(125.48)	164.02	(245.63)	(102.62)

Particulars	Standalone (Audited)		Consolidated (Audited)		Consolidated (Pro-forma)	
	FY 2021-22	FY 2020-21 (Restated*)	FY 2021-22	FY 2020-21	FY 2021-22 Pro Forma Financials** (Unaudited)	FY 2020-21 Pro Forma Financials**
Profit/ (Loss) from continuing operations	(50,810.10)	(797.56)	(39,924.96)	(6,413.36)	(40,535.95)	(15,485.44)
Discontinued operations:						
Profit/ (Loss) before tax from discontinued operations	0.00	(1,482.93)	0.00	0.00	0.00	0.00
Tax (expenses) /credit of discontinued operations	0.00	(180.65)	0.00	0.00	0.00	0.00
Profit/ (Loss) from discontinued operations	0.00	(1,663.58)	0.00	0.00	0.00	0.00
Other Comprehensive Income	32.86	2.51	106.05	(34.91)	105.28	(66.74)
Total comprehensive income for the year	(50,777.24)	(2,458.63)	(39,818.91)	(6,448.27)	(40,430.67)	(15,552.18)

*Pursuant to merger of Erstwhile Medlife International Private Limited and Erstwhile Evriksh Healthcare Private Limited with the Company, the financial statements of the Company for financial year 2020-21 has been restated in accordance with Indian Accounting Standards.

**Due to acquisitions of Erstwhile Ascent Health and Wellness Solutions Private Limited and Erstwhile Medlife International Private Limited during the financial year 2020-21 and Akna Medical Private Limited and Thyrocare Technologies Limited during the financial year 2021-22, we have prepared the pro forma consolidated statement of profit and loss of the Company for the financial year 2020-21 and 2021-22 to give a fair comparison of the Company's consolidated performance with the assumption that above acquisitions have taken place on April 1, 2020 and April 1, 2021 respectively.

The financial statements of the Company for the financial year 2021-22 are prepared in accordance with Indian Accounting Standards ("Ind AS"), notified under Section 133 of the Companies Act, 2013, ("the Act") read with the Companies (Accounts) Rules, 2014.

OPERATIONS AT GLANCE (AT A CONSOLIDATED LEVEL)

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

All 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
OTC	Over-the-counter medication
Private label products	Medical products procured by Company from contract manufacturers and sold by Company under our own brands

Terms	Description
Retailio 1P GMV	Revenue from sale of products from distribution to chemists/institutions grossed up for applicable taxes
Retailio 3P GMV	Retailio 3P GMV is the GMV of products transacted using Retailio, grossed up for applicable taxes (excluding Retailio 1P GMV)

Pro forma gross merchandise value

Growth in pro forma gross merchandise value (“**GMV**”) is a key driver of our revenue. Our pro forma GMV was Rs. 78,654.85 million in Fiscal 2021 and Rs. 1,34,576.43 million in Fiscal 2022. We define GMV as follows: (i) for our products and services (other than Retailio 3P GMV), GMV refers to our revenue for such products and services as per our books of accounts, grossed up for applicable taxes, (ii) for Retailio 3P, GMV refers to the gross merchandise value of products and services transacted using Retailio (excluding Retailio 1P GMV).

Below table provides a breakdown of our pro forma GMV across products and services:

(Amount: Rs. in millions)

Pro forma GMV ⁽¹⁾	Fiscal 2021	Fiscal 2022
Sale of product		
Distribution to retailers	16,724.88	21,143.60
Distribution to chemist / institution (Retailio 1P)	23,417.76	31,893.41
Distribution to hospitals ⁽²⁾	6,060.60	10,029.62
Sale of services		
Retailio 3P	27,139.27	64,940.61
Thyrocare diagnostics ⁽³⁾	4,946.20	5,795.35
API diagnostics	366.14	773.83
Total	78,654.85	1,34,576.43

Notes:

- (1) The reference to pro forma financial information for Fiscal 2021 and Fiscal 2022 is based on the unaudited management views and assumes the acquisitions of Erstwhile Ascent Health and Wellness Solutions Private Limited, Erstwhile Medlife International Private Limited, Akna Medical Private Limited and Thyrocare Technologies Limited as if these were acquired on April 1, 2020 by our Company.
- (2) We acquired Akna Medical Private Limited (“**Aknamed**”) in September 2021. The pro forma GMV includes GMV of Aknamed.
- (3) We acquired Thyrocare Technologies Limited (“**Thyrocare**”) in September 2021. The Pro forma GMV relate to Thyrocare.

Our Products and Services

We earn revenue through two businesses— sale of products and sale of services

1. Sale of Products

Our pro forma GMV for sale of products was Rs. 46,203.24 million and Rs. 63,066.64 million in Fiscal 2021 and Fiscal 2022, respectively. This includes GMV from (i) distribution to retailer and (ii) distribution to chemist and institutions (Including Aknamed)

a. Distribution to retailer

We sell pharma, OTC and private label medical products, surgical and consumables procured from pharmaceutical companies and wholesalers to retailers. These retailers are typically registered sellers on PharmEasy marketplace. We have also launched our range of private label products across categories through our brands 'Liveasy', 'Everherb', 'TrueCure', 'WellPharm', 'PharmEasy' and 'Zustle' to target the large and fast-growing consumer healthcare segment including OTC, wellness, multivitamins, personal care, orthopaedic and diabetic care products amongst others. These products enhance our overall selection of categories for our customers.

In Fiscal 2021 and Fiscal 2022, this business recorded pro forma GMV of Rs. 16,724.88 million and Rs. 21,143.60 million, respectively.

b. Distribution to chemist and institutions

We operate a technology-powered distribution business under which we procure pharma, OTC, our range of private label products, surgical, consumables from pharmaceutical companies and sell to chemists and institutions, which largely include pharmacies, hospitals, doctors, clinics, and medical centers in India. We sell these products both directly as well as using technology provided by Retailio. We refer to this business as Retailio 1P.

In Fiscal 2021 and Fiscal 2022, our Retailio 1P business recorded Pro forma GMV of Rs. 23,417.76 million and Rs. 31,893.41 million, respectively.

c. Distribution to hospitals

We have strengthened our distribution business to hospitals, clinics and medical centers through the acquisition of 67.30% shareholding of Akna Medical Private Limited ("Aknamed") effective September 2021. In Fiscal 2021 and Fiscal 2022, Aknamed recorded Pro forma GMV of Rs.6,060.60 million and Rs. 10,029.62 million, respectively. Aknamed serviced 780 hospitals for three months ended March 2021, and 1,801 hospitals in Fiscal 2022.

2. Sale of Services

Our Pro forma GMV from sale of services was Rs. 32,451.61 million and Rs. 71,509.80 million in Fiscal 2021 and Fiscal 2022. This includes GMV primarily from (i) diagnostics services, and (ii) Retailio 3P GMV.

a. Diagnostic services

We provide diagnostics services to customers on PharmEasy marketplace through our

brand PharmEasy Labs and have strengthened the processing capability and geographic reach of this business through acquisition of Thyrocare in September 2021. Thyrocare offers a comprehensive portfolio of more than 700 diagnostics tests through 26 diagnostic labs as of March 31, 2022. We offer this service to consumers, hospitals, diagnostic companies, and independent phlebotomists. Consumers can avail our diagnostics services by walking into a collection center, calling helplines for home collection, booking a test online (including through PharmEasy marketplace, Thyrocare's mobile application and website and other third-party online channels). In Fiscal 2022, 0.5 million customers transacted on PharmEasy Marketplace to avail diagnostics services offered by our brand PharmEasy Labs

In Fiscal 2021 and Fiscal 2022, our diagnostics business recorded pro forma GMV of Rs. 5,312.34 million and Rs. 6,569.18 million, respectively.

b. Retailio 3P Services

Retailio provides technology which enables wholesalers and pharmacies to connect and sell a wide range of pharma and other medical products.

Retailio is digitising the traditional pharma supply chain (via digital ordering, logistics, payments, and credit) and empowering pharmacies with technology products.

It is available as a mobile app and web application. Retailio provides pharmacies with real time price discovery, inventory visibility and provides technology enabling ordering, confirmation and payments in a digitized, self-serve manner. Deep integration with ERP systems of wholesalers enables our customers to fulfil orders on a real time basis as per demand from pharmacies, and better plan procurement to shorten cash cycles. Retailio users can also avail of call center and salesforce support services. For the month of March 2022, 152,005 pharmacies and 6,627 wholesalers used Retailio to fulfil their procurement needs. Retailio was used in more than 400 cities across India for the month of March 2022.

In Fiscal 2021 and Fiscal 2022 pro forma GMV on Retailio (excluding Retailio 1P GMV) was Rs. 27,139.27 million and Rs. 64,940.61 million, respectively. We refer to this as third party or Retailio 3P GMV. This business is in early stages of monetization as we continue investing in expanding the network and user base of Retailio. Currently we derive revenues through advertisements and lead generation offered to stakeholders on Retailio app.

Pro forma Contribution Margin before sales promotion and marketing expense

Pro forma Contribution Margin before sales promotion and marketing expense is a Non-GAAP financial measure that represents the margin arrived at by reducing the cost of material consumed, purchases of stock-in-trade and changes in inventories of stock-in-trade (excluding depreciation and amortisation), warehousing and lab cost, and other direct cost (together termed the "**Direct Operating Costs**") as a percentage of revenue from operations.

Warehousing and lab cost represents the sum of the expenses incurred at warehouses and diagnostics labs, including a portion of employee benefits expense (relating to warehouse employee salaries) and a portion of other expenses, such as manpower charges, contractual payment for delivery associates, water, electricity and fuel expenses and repairs and maintenance.

Other direct cost is the sum of other direct operating expenses, and includes a portion of employee benefits expenses (relating to customer support employee salaries) and a portion of other expenses, including the consumption of packing materials and consumables, service charges (relating to phlebotomist costs, lab technician cost), and legal and professional fees (relating to doctor consultation charges and diagnostics) but does not include technology related costs, both direct and indirect costs including employee benefit expenses.

The pro forma contribution margin before sales promotion and marketing expense was 5.0% and 5.0% for Fiscal 2021 and Fiscal 2022, respectively.

The following table presents the pro forma contribution margin before sales promotion and marketing expense and each of the costs that form part of direct operating costs as a percentage of revenue from operations for Fiscal 2021 and Fiscal 2022:

Pro Contribution Margin	Fiscal 2021		Fiscal 2022	
	Rs. in million	% of Pro forma Revenue from operations	Rs. in million	% of Pro forma Revenue from Operations
Revenue from Operations (A)	43,192.15	100.0%	63,836.30	100.0%
Cost of Material Consumed (B)	1,623.97	3.8%	1,662.50	2.6%
Purchases of Stock-in-Trade (C)	36,643.98	84.8%	55,864.32	87.5%
Changes in Inventories of Stock-in-Trade (D)	(1,512.02)	(3.5%)	(2,335.49)	(3.7%)
Warehousing and Lab Cost (E)	3,499.85	8.1%	4,222.60	6.6%
Other Direct Cost (F)	778.31	1.8%	1,241.41	1.9%
Direct Operating Costs (G=B+C+D+E+F)	41,034.09	95.0%	60,655.34	95.0%
Contribution Margin before sales promotion and marketing expense(H=A-G)	2,158.06	5.0%	3,180.96	5.0%

The reference to pro forma financial information for Fiscal 2021 and Fiscal 2022 is based on the unaudited management views and assumes the acquisitions of Erstwhile Ascent Health and Wellness Solutions Private Limited, Erstwhile Medlife International Private Limited, Akna Medical Private Limited and Thyrocare Technologies Limited as if these were acquired on April 1, 2020 by our Company.

Pro forma results of operations

The following table sets forth select financial data from our consolidated Pro forma statement of profit and loss for Fiscal 2021 and Fiscal 2022, the components of which are also expressed as a percentage of revenue from operations for such years.

\	Management view Fiscal 2021 (Audited)		Management view Fiscal 2022 (Unaudited)	
	Rs. In million	% of revenue from operations	Rs. In million	% of revenue from operations
Pro forma Financial Performance				
Income				
Revenue from operations				
Revenue from sale of Goods	37,423.95	86.6%	56,003.53	87.7%
Revenue from sale of Services	5,768.20	13.4%	7,832.77	12.3%
Revenue from operations	43,192.15	100.0%	63,836.30	100.0%
Other income	439.51	1.0%	774.28	1.2%
Total income	43,631.66	101.0%	64,610.58	101.2%
Expenses				
Cost of Material Consumed	1,623.97	3.8%	1,662.50	2.6%
Purchase of stock in trade	36,643.98	84.8%	55,864.32	87.5%
Changes in inventories of stock in trade	(1,512.02)	(3.5%)	(2,335.49)	(3.7%)
Employee benefits expense	5,278.73	12.2%	14,990.94	23.5%
Finance costs	4,470.51	10.4%	4,015.50	6.3%
Depreciation and amortisation expenses	1,886.29	4.4%	2,067.45	3.2%
Other expenses	9,201.07	21.3%	15,668.95	24.5%
Total expenses	57,592.53	133.3%	91,934.17	144.0%
Loss before share of profit/(loss) of an associate, exceptional items and tax	(13,960.87)	(32.4%)	(27,323.59)	(42.8%)
Share of loss of an associate, net of tax	(0.74)	0.0%	4.06	0.0%
Exceptional Items	(1,083.42)	(2.5%)	(12,752.70)	(20.0%)
Loss before tax	(15,045.03)	(34.9%)	(40,072.23)	(62.8%)
Tax expense				
Current tax	543.03	1.3%	709.35	1.1%
Deferred tax/ (credit)	(102.62)	(0.2%)	(245.63)	(0.4%)
Total tax expense/ (credit)	440.41	1.0%	463.72	0.7%
Loss for the year/ period	(15,485.44)	(35.9%)	(40,535.95)	(63.5%)

The reference to pro forma financial information for Fiscal 2022 is based on the unaudited management views and assumes the acquisitions of Erstwhile Ascent Health and Wellness Solutions Private Limited, Erstwhile Medlife International Private Limited, Akna Medical Private Limited and Thyrocare Technologies Limited as if these were acquired on April 1, 2021 by our Company.

Income

Our revenue from operations increased by 47.8% to Rs. 63,836.30 million in Fiscal 2022 from Rs. 43,192.15 million in Fiscal 2021 driven by an increase in both revenue from sale of goods and sale of services.

Our revenue from sale of goods increased by 49.6% to Rs. 56,003.53 million in Fiscal 2022 from Rs. 37,423.95 million in Fiscal 2021 primarily due to organic growth of our existing businesses led by increase in distribution to retailers by 56% driven by significant initiatives for a successful transition of Medlife into PharmEasy platform and increase in Distribution to chemists and institutions by 50% driven by growth in Aknamed by 66% and Retailio 1P by 46%. Our revenue from distribution to chemists and institutions as a percentage of our revenue from operations remained at 58.1% in Fiscal 2022 as well as Fiscal 2021 while Our revenue from distribution to retailers as a percentage of our revenue from operations increased to 29.5% in Fiscal 2022 compared to 28.6% in Fiscal 2021.

Our revenue from sale of services increased by 35.8% to Rs. 7,832.77 million in Fiscal 2022 from Rs. 5,768.20 million in Fiscal 2021 primarily due to an increase in revenue from our diagnostic services by 26%. There was also an increase in logistics income relating to rendering services of delivery persons which benefitted from an increase in delivery orders in Fiscal 2022 compared to Fiscal 2021. Further, there was also an Increase in teleconsultation revenues from doctors on our platform and an increase in brand licensing fees from PharmEasy marketplace which is based on a percentage of the GMV transacted on the PharmEasy marketplace. As a percentage of revenue from operations, our revenue from sale of services was 13.4% and 12.3% in Fiscal 2021 and Fiscal 2022 respectively.

Our other income increased by 76.1% to Rs. 774.28 million in Fiscal 2022 from Rs. 439.51 million in Fiscal 2021 primarily due to higher interest income from fixed deposits as a result of higher deposit balances being maintained during Fiscal 2022 and gain on fair valuation of financial assets measured at fair value through profit and loss.

Expenses

Our total expenses increased by 59.6% to Rs. 91,934.17 million for Fiscal 2022 from Rs. 57,592.53 million for Fiscal 2021. As a percentage of revenue from operations, our total expenses increased to 144.0% in Fiscal 2022 from 133.4% in Fiscal 2021.

Cost of material consumed, purchase of stock-in-trade and changes in inventories of stock-in-trade

Our cost of material consumed, purchase of stock-in-trade and changes in inventories of stock-in-trade were Rs. 1,662.50 million, Rs. 55,864.32 million and Rs. (2,335.49) million, respectively, for Fiscal 2022, and Rs. 1,623.97, Rs. 36,643.98 million and Rs. (1,512.02) million, respectively, for Fiscal 2021 in line with the increase in our revenue from operations. As a percentage of revenue from operations, our cost of material consumed, purchase of stock-in-trade together with changes in inventories of stock-in-trade increased to 86.5% in

Fiscal 2022 from 85.1% in Fiscal 2021 on account of significant initiatives launched for a successful transition of Medlife into PharmEasy which occurred during Fiscal 2022.

Employee benefit expense

Our employee benefit expenses increased by 184.0% to Rs. 14,990.94 million in Fiscal 2022 from Rs. 5,278.73 million in Fiscal 2021 primarily due to (i) one-time performance bonus aggregating to Rs. 3,213.30 million to certain Directors and Key Managerial Personnel (KMP) of our Company for achieving key milestones, which was reinvested into the company as a primary infusion on similar terms as per the last round of primary infusion in October 2021 (ii) employee share based payment expense increased to Rs. 6,332.45 million on account of options granted to employees, one-time impact on account of modification to vesting schedule, exercise price and replacement of subsidiary ESOP scheme due to merger and charge on repurchase of options and (iii) increased headcount resulting from acquisitions. As a percentage of revenue from operations, our employee benefits expense increased to 23.5% in Fiscal 2022 from 12.2% in Fiscal 2021.

Finance costs

Our finance costs reduced by 10.2% to Rs. 4,015.50 million in Fiscal 2022, from Rs. 4,470.51 million in Fiscal 2021 primarily on account of repayment of certain borrowings taken by some of our subsidiaries during Fiscal 2022.

Depreciation and amortization expense

Our depreciation and amortization expense increased by 9.6% to Rs. 2,067.45 million in Fiscal 2022 from Rs. 1,886.29 million in Fiscal 2021 on account of additions to property, plant and equipment due to increased capital expenditure. There is also an increase in depreciation of right of use assets driven by an increase in leased assets

Other expenses

Our other expenses increased by 70.3% to Rs. 15,668.95 million in Fiscal 2022 from Rs. 9,201.07 million in Fiscal 2021. As a percentage of revenue from operations, our other expenses increased to 24.5% in Fiscal 2022 from 21.3% in Fiscal 2021.

Key components of increase in other expenses mentioned above are (i) sales promotion and marketing expense increased by Rs. 2,639.24 million in Fiscal 2021, mainly due to an increase in television promotional campaigns which ran extensively during Fiscal 2022, (ii) manpower charges increased to Rs. 916.23 million in Fiscal 2022 from Rs. 360.03 million in Fiscal 2021, mainly due to increase in headcount at warehouses in line with increase in scale of operations, (iii) contractual payment for delivery associates increased to Rs. 1,062.98 million in Fiscal 2022 from Rs. 342.14 million in Fiscal 2021 in line with increase in revenues and scale of operations and (iv) Provision for doubtful advances and write offs of Rs. 2,046.92 million in Fiscal 2022 primarily on account of provision created for GST credit due to uncertainty over its utilisation beyond 5 years from the reporting date.

Loss after tax for the period

As a result of the foregoing factors, our loss after tax increased to Rs. (40,535.95) million for Fiscal 2022 from Rs. (15,485.44) million for Fiscal 2021.

Results of Operations

The following table sets forth select financial data from our consolidated statement of profit and loss for Fiscal 2021 and Fiscal 2022 the components of which are also expressed as a percentage of revenue from operations for such years.

Financial Performance	Fiscal 2021		Fiscal 2022	
	Rs. in million	% of revenue from operations	Rs. in million	% of revenue from operations
Income				
Revenue from operations				
Revenue from sale of Goods	22,816.32	97.7%	52,299.16	91.3%
Revenue from sale of Services	259.43	1.1%	4,178.04	7.3%
Other operating revenue	276.94	1.2%	811.01	1.4%
Revenue from operations	23,352.69	100.0%	57,288.21	100.0%
Other income	253.93	1.1%	521.81	0.9%
Total income	23,606.62	101.1%	57,810.02	100.9%
Expenses				
Cost of Material Consumed	-	-	854.60	1.5%
Purchase of stock in trade	22,668.17	97.1%	52,566.12	91.8%
Changes in inventories of stock in trade	(1,143.95)	(4.9%)	(2,290.53)	(4.0%)
Employee benefits expense	2,702.94	11.6%	14,589.71	25.5%
Finance costs	434.31	1.9%	2,582.64	4.5%
Depreciation and amortisation expenses	329.01	1.4%	1,587.85	2.8%
Other expenses	4,818.80	20.6%	15,025.51	26.2%
Total expenses	29,809.28	127.7%	84,915.90	148.2%
Loss before share of profit/(loss) of an associate, exceptional items and tax	(6,202.66)	(26.7%)	(27,105.88)	(47.3%)
Share of loss of an associate, net of tax	-	0.0%	6.61	0.0%
Exceptional Items	-	0.0%	(12,608.43)	(22.0%)
Loss before tax	(6,202.66)	(26.7%)	(39,707.70)	(69.3%)
Tax expense				
Current tax	46.68	0.2%	342.74	0.6%
Deferred tax/ (credit)	164.02	0.7%	(125.48)	(0.2%)
Total tax expense/ (credit)	210.70	0.9%	217.26	0.4%
Loss for the year/ period	(6,413.36)	(27.5%)	(39,924.96)	(69.7%)

MAJOR EVENTS OF THE COMPANY

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

1. Conversion of the Company into public company

The Company was converted into a public limited company pursuant to a special resolution passed by shareholders of the Company on October 01, 2021 and subsequently a fresh certificate of incorporation dated October 28, 2021 was issued by the Registrar of Companies, Mumbai for change of name of the Company to “API Holdings Limited”.

2. Initial public offer (“IPO”) of the Company

a. Filing of draft red herring prospectus (“DRHP”) with Securities and Exchange Board of India (“SEBI”) and Stock Exchanges

Pursuant to the resolution passed by board of directors of the Company at its meeting held on October 13, 2021, and shareholders of the Company at their extra-ordinary general meeting held on October 13, 2021, DRHP dated November 8, 2021 for fresh issue of equity shares of face value of Re. 1/- (Rupee One only) each (“Equity Shares”) of the Company aggregating up to Rs. 62,500 million by the Company, was filed with SEBI and BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) (BSE and NSE, hereinafter collectively known as “Stock Exchanges”) on November 9, 2021.

b. In-Principle approval of Stock Exchanges

Post filing of DRHP with SEBI and Stock Exchanges, the Company had received in-principle approval for the proposed IPO from BSE and NSE on January 28, 2022 and February 01, 2022, respectively.

c. Withdrawal of DRHP filed with SEBI and Stock Exchanges

The IPO Committee of the Board on July 22, 2022 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.

3. Mergers and Acquisitions

During the financial year under review, the following mergers and acquisitions were undertaken by the Company:

a. Merger of Erstwhile Medlife International Private Limited, Erstwhile Evriksh Healthcare Private Limited and their respective shareholders with the Company (“Medlife Merger”)

During the financial year under review, the Regional Director, Ministry of Corporate Affairs, Western Region (“RD”) approved the scheme of amalgamation of Erstwhile Medlife International Private Limited (“Transferor Company 1” or “Erstwhile Medlife”) and Erstwhile Evriksh Healthcare Private Limited (“Transferor Company 2” or “Erstwhile Evriksh”) (Transferor Company 1 and Transferor Company 2, hereinafter collectively known as “the Transferor Companies”) with the Company (“Transferee Company”) and their respective shareholders (“Scheme of Amalgamation”) vide order dated September 24, 2021. The appointed date for Scheme of Amalgamation was January 25, 2021 (“Appointed Date”). A certified copy of the order approving the Scheme of Amalgamation was issued by the RD on September 24, 2021 (“the Medlife Order”). The Transferor Company 1 filed the Medlife Order with the Registrar of Companies, Patna, Bihar and the Transferor Company 2 and the Company filed the Medlife Order with the Registrar of Companies, Mumbai, Maharashtra, on September 30, 2021, being effective date of the merger (“Effective Date”).

Since, the Transferor Companies were wholly-owned subsidiaries (“WOS”) of the Company, the Scheme of Amalgamation was filed with the RD under Section 233 of Act. Pursuant to the Medlife Order, no shares of the Company were issued or allotted in lieu or in exchange of the holding in Transferor Companies and investment in the share capital of Transferor Companies stood cancelled in the books of the Company.

Further, the RD in the Medlife Order also approved:

- i) alteration of the existing object clause of the memorandum of association of the Company (“MOA”) to include business activity of medical diagnostic services of Erstwhile Medlife and Erstwhile Evriksh; and
- ii) increase in authorised share capital of the Company to Rs. 1031,08,00,000/- (Rupees One Thousand and Thirty One Crore and Eight Lakh only) divided into 100,48,18,900 (One Hundred Crore Forty Eight Lakh Eighteen Thousand and Nine Hundred) equity shares of Rs. 10/- (Rupees Ten only) each and 2,62,61,100 (Two Crore Sixty Two Lakh Sixty One Thousand and One Hundred) preference shares of Rs. 10/- (Rupees Ten only).

Accordingly, the object clause and the capital clause of the MOA of the Company were amended with effect from the Effective Date of the Scheme of Amalgamation.

b. Acquisition of Thyrocare Technologies Limited

During the financial year under review, Docon Technologies Private Limited (the “Acquirer”), a wholly-owned subsidiary of the Company, entered into a share purchase agreement dated June 25, 2021 (“SPA”) with erstwhile promoters and members of the promoter group of Thyrocare Technologies Limited, a public company incorporated under

the Companies Act, 1956, listed on the Stock Exchanges (“Target Company” or “TTL”), for the acquisition of 3,49,72,999 equity shares of the Target Company (aggregating to 66.14% of the equity share capital of the Target Company), from the erstwhile promoters and members of the promoter group of the Target Company (“Thyrocare Sellers”). The execution of the SPA triggered an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the “Open Offer”), pursuant to which the Acquirer and the Company (acting in its capacity as a person acting in concert with the Acquirer) made an offer to acquire, 1,37,55,077 shares of the Target Company, aggregating to 26% of the equity share capital of the Target Company, from the public shareholders of the Target Company. Pursuant to the Open Offer, the Acquirer acquired 26,83,093 shares of the Target Company, aggregating to 5.08% of the equity share capital of the Target Company. Subsequently, the share purchase transaction under the SPA was consummated. Pursuant to the SPA and the Open Offer, the Acquirer purchased 3,76,56,092 shares, aggregating to 71.22% of the equity share capital of the Target Company as on the date of acquisition. Accordingly, Thyrocare Technologies Limited became a subsidiary of the Acquirer and hence also became a subsidiary of the Company with effect from September 02, 2021.

Consequently, on account of acquisition of Thyrocare Technologies Limited on September 02, 2021, Nueclear Healthcare Limited (existing subsidiary of TTL on the date of acquisition) became a subsidiary company and Equinox Labs Private Limited (existing associate company of TTL on the date of acquisition) became an associate company of the Company.

c. Acquisition of Akna Medical Private Limited

During the financial year under review, pursuant to share subscription and share purchase agreement dated August 19, 2021, entered into amongst, *inter alia*, the Company and Akna Medical Private Limited (“Akna”), the Company acquired equity shares of Akna aggregating to 67.30% of share capital of Akna on September 20, 2021. Accordingly, Akna became subsidiary of the Company with effect from September 20, 2021.

Consequently, on account of Akna becoming subsidiary of the Company on September 20, 2021, Allumer Medical Private Limited, Shreeji Distributors Pharma Private Limited, Vardhman Health Specialities Private Limited, Cosaintis Products Private Limited, Healthchain Private Limited and Supplythis Technologies Private Limited (existing subsidiaries of Akna on the date of acquisition) also became subsidiaries of the Company and Impex Healthcare Private Limited became an associate company of the Company.

d. Acquisition of Marg ERP Limited

During the financial year under review, pursuant to share purchase agreement dated October 12, 2021, entered into amongst, *inter alia*, the Company and Marg ERP Limited (“Marg”), the Company acquired equity shares of Marg aggregating to 49.17% of share capital of Marg on October 14, 2021. Accordingly, Marg became an associate company of the Company with effect from October 14, 2021.

During the financial year under review, apart from those mentioned above, Care Easy Health Tech Private Limited also became subsidiary company of the Company.

Further, during the financial year under review, no company has become a joint venture or ceased to be a subsidiary or joint venture or associate of the Company, except Erstwhile Medlife and Erstwhile Evriksh which merged with 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, may separately reach out to the Company.

4. Change in share capital of the Company

a. Change in authorised share capital

During the financial year under review, the authorised share capital of the Company was increased from Rs. 71,06,00,000/- (Rupees Seventy One Crore Six Lakh only) to Rs. 10,00,00,00,000/- (Rupees One Thousand Crore only) vide resolution passed by shareholders of the Company.

Subsequently, pursuant to Medlife Order approving the scheme of amalgamation of Erstwhile Medlife and Erstwhile Evriksh with the Company, the Authorised Share Capital of the Company was increased to Rs. 1031,08,00,000/- (Rupees One Thousand and Thirty One Crore and Eight Lakh only).

Further, pursuant to resolution passed by the shareholders of the Company, the share capital of the Company was sub-divided from face value of Rs.10/- (Rupees Ten only) each to face value of Re. 1/- (Rupee One only) each from the record date i.e. October 29, 2021.

b. Change in paid-up share capital

During the financial year under review, the paid-up share capital of the Company was changed on account of the following:

- i) The Company allotted 1,09,27,380 equity shares of face value of Rs. 10/- each and 47,89,579 compulsorily convertible preference shares ("CCPS"), of face value of Rs. 10/- each, for cash on a private placement basis;

- ii) The Company allotted 51,851 equity shares of face value of Rs. 10/- each and 4,39,31,140 equity shares of face value of Re. 1/- each pursuant to exercise of Employee Stock Options under API Employee Stock Option Plan 2020;
- iii) The Company allotted 25,69,044 equity shares of face value of Rs. 10/- each upon conversion of Compulsorily Convertible Debentures ("CCDs") to equity shares;
- iv) The Company allotted 4,200 equity shares of face value of Rs. 10/- each upon conversion of Optionally Convertible Redeemable Debentures to equity shares;
- v) The Company allotted 1,62,64,768 equity shares of face value of Rs. 10/- each upon conversion of CCPS to equity shares;
- vi) The Company allotted 55,43,73,630 equity shares of face value of Rs. 10/- each to existing shareholders of the Company pursuant to bonus issue of shares in the ratio 10: 1 (i.e. 10 equity shares as bonus for 1 fully paid-up equity share held by shareholders as on record date October 28, 2021); and
- vii) The shareholders of the Company approved sub-division of face value of equity shares and preference shares of the Company from the face value of Rs.10/- each to face value of Re. 1/- each.

In view of above allotment, the issued and paid-up equity share capital of the Company as on March 31, 2022 was Rs. 6,14,20,41,070/-.

The above summary of paid-up share capital of the Company also includes 21,67,332 equity shares of face value of Rs. 10/- each allotted to founders of the Company against total subscription monies of Rs. 3,209.32 million received by the Company.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION BETWEEN END OF THE FINANCIAL YEAR AND THE DATE OF REPORT OF THE COMPANY

The details of material changes affecting the financial position between end of the financial year i.e. March 31, 2022 and the date of this report of the Board of Directors of the Company together with their rational are as under:

1. Issuance and allotment of Unlisted, Unrated, Secured, Redeemable, Non-Convertible Debentures

The Board of Directors of the Company, on June 23, 2022, had issued and allotted unlisted, unrated, secured, redeemable, non-convertible debentures having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating to not more than Rs. 2280,00,00,000/- (Rupees Two Thousand Two Hundred and Eighty Crores only) on a private placement basis.

Further, the Board of Directors of the Company, on September 12, 2022, had approved issuance of unlisted, unrated, secured, redeemable, non-convertible debentures having a face value of Rs. 1,00,000/- (Rupees One Lakh only) each, aggregating up to Rs. 396,00,00,000/- (Rupees Three Hundred and Ninety Six Crores only) in single or multiple series through private placement.

2. Withdrawal of DRHP filed with SEBI and Stock Exchanges

The detailed information on withdrawal of DRHP filed with SEBI and Stock Exchanges is mentioned under the heading 'MAJOR EVENTS OF THE COMPANY' of this report.

3. Right issue of compulsorily convertible preference shares

The Board of Directors of the Company, at its meeting held on September 13, 2022, has approved issuance of 7,50,00,000 compulsorily convertible preference shares ("CCPS") having a face value of Re. 1/- (Rupee One) each, at a premium of Rs. 99/- (Rupees Ninety Nine only) aggregating to not more than Rs. 750,00,00,000/- (Rupees Seven Fifty Crores only) to existing equity shareholders of the Company on right issue basis in the ratio of 1:82 i.e. 1 CCPS for every 82 equity shares held in the Company as on record date of September 9, 2022.

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. Aditya Puri (DIN: 00062650) was appointed as Non-Executive and Non-Independent Director of the Company with effect from April 20, 2021. He was subsequently appointed as Chairman of the Company with effect from September 09, 2021.
- Mr. Ashutosh Sharma (DIN: 07825610) was appointed as Non-Executive and Non-Independent Director of the Company with effect from April 05, 2021.
- Mr. Ved Prakash Kalanoria (DIN: 08950500) was appointed as Non-Executive and Non-Independent Director of the Company with effect from May 27, 2021 and subsequently, he ceased to be a Director with effect from October 22, 2021.
- Mr. Dharmil Sheth (DIN: 06999772) was appointed as Co-founder, Whole-Time Director, and Chief Business Officer of the Company with effect from September 09, 2021.
- Mr. Deepak Vaidya (DIN: 00337276), Ms. Vineeta Rai (DIN: 07013113), Mr. Subramaniam Somasundaram (DIN: 01494407), Mr. Ramakant Sharma (DIN: 02318054) and Dr.

Jaydeep Tank (DIN: 05014753) were appointed as Non-Executive and Independent Directors for a period of five years with effect from September 09, 2021.

- Mr. Prem Venkatachalam Pavor (DIN: 05268309, Mr. Puncham Mukim (DIN: 07686367), Mr. Vishal Gupta (DIN 01913013), Mr. Dhaval Shah (DIN: 07485688), Mr. Kartik Srivatsa (DIN: 03559152), Mr. Sandeep Singh (DIN: 07973666), and Mr. Dovaldas Buzinskas (DIN: 08935969) ceased to be Directors of the Company during the year under review.

Further, after end of the financial year 2021-22, Mr. Ramakant Sharma (DIN: 02318054) ceased to be the Director of the Company with effect from April 21, 2022.

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

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.

On the basis of the written representations received from the directors, none of the above directors are disqualified under section 164(2) of the Act.

Key Managerial Personnel (“KMP”)

- Mr. Chebolu Venkata Ramana Ram, was appointed as Chief Financial Officer of the Company, with effect from June 16, 2021. Further, he has tendered his resignation from the post of as Chief Financial Officer of the Company with his last day with the Company being October 1, 2022.
- Mr. Hardik Dedhia, Co-Founder and Chief Innovation Officer, Mr. Dhaval Shah, Co-Founder and Chief Business Officer, Mr. Abhinav Yajurvedi, Chief Technology Officer, and Mr. Akarsh Bharadwaj, Chief Strategy Officer of the Company were designated as KMP under Section 203 of the Act, with effect from September 09, 2021.
- Ms. Savita Sharma, Chief Human Resource Officer of the Company was designated as KMP under Section 203 of the Act with effect from October 13, 2021.

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>.

Performance Evaluation of Directors

The Company's Policy for Evaluation of the Performance of the Board prescribes the criteria to evaluate the performance, on annual basis; of (a) the Board as a whole; (b) Individual Directors (including Managing Director, Whole time Director, Executive Director, Non-executive Director, Independent Director of the Company); (c) Committees of the Board and (d) The Chairperson of the Board.

During the financial year under review, Independent Directors in their separate meeting discussed manner of evaluation of performance of board, its committees and individual directors as per the requirement of the Act.

Directors' Responsibility Statement

Your directors state that:

- a. in the preparation of the annual accounts for the year ended March 31, 2022, 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, 2022 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.

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 2nd Annual General Meeting of the Company till the conclusion of the 7th Annual General Meeting of the Company. The Company had received a letter from M/s. Price Waterhouse Chartered Accountants LLP (having Firm's registration Number: 012754N/N500016), that they are not disqualified for appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made thereunder.

The notes on financial statements for financial year 2021-22 referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

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 2021-22. The Secretarial Audit Report provided by M/s. HRU & Associates, Company Secretaries for the financial year 2021-22, 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

During the financial year under review, the Company has maintained cost records as specified by the central government under sub-section (1) of Section 148 of the Act and the requirement of audit of cost records maintained by the Company was not applicable for financial year 2021-22.

Pursuant to Section 148 of the Act and rules made thereunder, requirement of audit of cost records maintained by the Company is applicable for the financial year 2022-23. Therefore, the Board of Directors, on the recommendation of the Audit Committee, approved the appointment and fees payable to Mr. Subbiahgowder Thagavelu FCMA, Cost Accountants (Membership No. M11315), to audit the cost records of the Company for the financial year 2022-23.

In this regard, CMA Subbiahgowder Thagavelu FCMA, Cost Accountants (Membership No. M11315), has furnished his consent for being eligible to act as the Cost Auditors of the Company for the financial year 2022-23.

As per the provisions of the Act, the fees payable to the Cost Auditors is required to be ratified by the shareholders of the Company. Accordingly, ratification for the fees payable to the Cost

Auditors is proposed for approval of the members at ensuing 3rd Annual General Meeting of the Company.

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, in order 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.

DISCLOSURES

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 2021-22 (Refer note no. 45 of the standalone financial statements for the year ended March 31, 2022).

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.

The disclosure of particulars of contracts/arrangements entered into 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 2021-22, are provided in note 36 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>.

Dividend

Considering the loss incurred by the Company in the financial year 2021-22 and accumulated losses of the Company since its incorporation, your directors have not recommended any dividend for the financial year under review.

Deposits

During the financial year under review, in terms of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014, as amended, and notification dated June 05, 2015 issued by the Ministry of Corporate Affairs ("MCA"), the Company had accepted the deposits from the shareholders of the Company in compliance with the Act and the said deposits from members were repaid during the financial year. Further, as on end of financial year i.e. March 31, 2022, there were no outstanding deposits in the books of accounts of the Company.

The details of deposits accepted during the financial year 2021-22 by the Company are as under:

Particulars	Details
Deposits accepted during the financial year 2021-22	Rs. 1,25,01,59,974/-
Remained unpaid or unclaimed as at the end of the financial year 2021-22:	Nil
Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved- (i) at the beginning of the year (ii) maximum during the year (iii) at the end of the year	No default has been made by the Company during the financial year 2021-22 in relation to repayment of deposits or payment of interest.
Details of deposits which are not in compliance with the requirements of Chapter V of the Act	Nil

Corporate social responsibility

In terms of Section 135 of Act and rules made thereunder, for the financial year 2021-22, 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.

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.

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	:	66,57,70,248 (total options granted till FY22)
b.	Options vested during the year	:	18,25,02,430
c.	Options exercised during the year	:	4,96,34,750
d.	Total number of shares arising as a result of exercise of options	:	4,96,34,750
e.	Options lapsed/ surrendered	:	3,61,92,090
f.	Exercise price	:	Ranging from Rs. 1/- to Rs. 18.18/-
g.	Variation of terms of options	:	During the financial year under review, vesting schedule of some of the ESOP holders was changed (post obtaining all the relevant approval under applicable laws), inter alia, to bring uniformity with vesting schedule under various ESOP pools under ESOP Scheme 2020 of the Company.
h.	Money realized on exercise of options	:	Rs. 3,48,82,291/-

Sr. No.	Particulars		ESOP Scheme 2020*	
i.	Total number of options in force	:	57,41,18,851	
j.	Employee wise details of options granted to:	:		
(i)	Key managerial personnel / Senior Management Personnel	:	Name	No. of options granted
			Mr. Dhaval Shah	48,288,460
			Mr. Dharmil Sheth	48,288,460
			Mr. Siddharth Shah	48,288,460
			Mr. Harsh Parekh	48,288,460
			Mr. Hardik Dedhia	48,288,460
			Mr. Abhinav Yajurvedi	22,639,430
			Ms. Savita Sharma	691,570
			Mr. Akarsh Bhardwaj	6,331,710
			Ms. Drashti Shah	4,390,100
			Mr. Chebolu V. Ram	2,371,050
(ii)	Any other employee to whom options granted during the financial year 2021-22 amounted to five percent or more of total options granted during the said financial year	:	The employees to whom options granted during financial year 2021-22 amounted to five percent or more of the total options granted during the financial year 2021-22:	

Sr. No.	Particulars		ESOP Scheme 2020*	
			Mr. Hardik Dedhia	4,82,88,460
			Mr. Ananth Sankaranarayanan	4,81,85,940
			Mr. Saurabh Pandey	2,44,62,790
(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	

**The numbers are adjusted pursuant to bonus allotment made by the Company on February 12, 2021, in the ratio of 2:1 (i.e. 2 new fully paid-up equity shares as bonus for every 1 fully paid-up share held) and on October 28, 2021, in the ratio of 10: 1 (i.e. 10 new fully paid-up equity shares as bonus for every 1 fully paid-up equity share held) and sub-division of face value of shares approved by the shareholders of the Company from the face value of Rs.10/- each to face value of Re. 1/- each.*

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.

Meetings of the Board of Directors

During the financial year under review, 16 (sixteen) 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
- e. Risk Management Committee (Dissolved with effect from August 9, 2022)
- f. IPO Committee (Dissolved with effect from August 9, 2022)

a. Audit Committee

During the financial year under review, the Audit Committee met 3 (three) times. The composition of the Committee along with the details of the meetings held and attended by the members of the Audit Committee during the financial year 2021-22 is detailed below:

Sr. No.	Name of the Director	Director category	Nature of membership	No. of meetings held	No. of meetings attended
1	Mr. Subramaniam Somasundaram	Independent Director	Chairperson	3	3
2	Mr. Deepak Vaidya*	Independent Director	Member	NA	NA
3	Mr. Ramakant Sharma**	Independent Director	Member	3	0
4	Mr. Harsh Parekh	Whole-time Director	Member	3	3

* Mr. Deepak Vaidya was appointed as the member of the Audit Committee on April 27, 2022.

** Mr. Ramakant Sharma resigned as Director of the Company with effect from April 21, 2022 and consequently, he ceased to be a member of the Audit Committee.

b. Nomination and Remuneration Committee

During the financial year under review, the Nomination and Remuneration Committee met once. The composition of the Committee along with the details of the meetings held and attended by the members of the Nomination and Remuneration Committee during the financial year 2021-22 is detailed below:

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

** Dr. Jaydeep Tank was appointed as the member of the Nomination and Remuneration Committee on April 27, 2022.*

*** Mr. Ramakant Sharma resigned as Director of the Company with effect from April 21, 2022 and consequently, he ceased to be a member of the Nomination and Remuneration Committee.*

c. Stakeholders' Relationship Committee

During the financial year under review, the Stakeholders' Relationship Committee met once. The composition of the Committee along with the details of the meetings held and attended by the members of the Stakeholders' Relationship Committee during the financial year 2021-22 is detailed below:

Sr. No.	Name of the Director	Director category	Nature of membership	No. of meetings held	No. of meetings attended
1	Mr. Ved Kalanoria*	Non-executive Director	Chairperson	1	1
2	Mr. Ankur Thadani**	Non-executive Director	Chairperson	1	0
3	Mrs. Vineeta Rai	Independent Director	Member	1	1
4	Mr. Ashutosh Sharma	Non-executive Director	Member	1	1
5	Mr. Dharmil Sheth	Whole-time Director	Member	1	1

**Mr. Ved Kalanoria ceased to be Chairperson and Member of the Stakeholders' Relationship Committee with effect from October 22, 2021 pursuant to his resignation as Director of the Company.*

***Mr. Ankur Thadani was appointed as the Chairperson of the Stakeholders' Relationship Committee on October 26, 2021*

d. Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee is detailed below:

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

e. Risk Management Committee (Dissolved with effect from August 9, 2022)

The composition of Risk Management Committee is detailed below. However, Risk Management Committee was dissolved with effect from August 9, 2022.

Sr. No.	Name of the Director	Category	Nature of membership
1	Mr. Ashutosh Sharma	Non-executive Director	Chairperson
2	Mr. Subramaniam Somasundaram	Independent Director	Member
3	Mr. Siddharth Shah	Co-founder, Managing Director and Chief Executive Officer	Member
4.	Mr. Ved Kalanoria*	Non-executive Director	Member

**Mr. Ved Kalanoria ceased to be a Member of Risk Management Committee with effect from October 22, 2021.*

f. IPO Committee (Dissolved with effect from August 9, 2022)

During the financial year under review, IPO Committee met three (3) times. The composition of IPO Committee is detailed below. However, IPO Committee was dissolved with effect from August 9, 2022 pursuant to withdrawal of draft red herring prospectus of the Company filed with Securities and Exchange Board of India and the Stock Exchanges:

Name	Director category	Nature of membership	No. of meetings held	No. of meetings attended
Mr. Ankur Thadani	Director	Chairman	3	3
Mr. Siddharth Bhaskar Shah	Co-founder, Managing Director and Chief Executive Officer	Member	3	3

Alteration of Articles of Association

During the financial year under review, the Company had adopted amended Articles of Association ("AOA") of the Company in substitution of the existing AOA from time to time.

Secretarial Standards

During the financial year under review, the Company has complied with the requirements prescribed under the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) read with the applicable circulars issued by the MCA granting exemptions in view of the COVID-19 pandemic.

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 2021-22.

Annual Return

The Annual Return in Form MGT-7 as on March 31, 2022, is available on the website of the Company at <https://www.apiholdings.in/>

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 Company, through its group companies has been taking initiatives for energy conservation across the organization.

Few of the measures undertaken are -

1. Installation of power factor controllers across 11 locations to optimize energy consumption
2. Adopting LED lights across 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

For new infrastructure, the Company is implementing energy efficiency measures which are at the design stage and is planning to get green building certificate for the Company's infrastructure. Through these initiatives currently we have realised a saving of INR 8 lakh per month

- 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 600 KW solar power capacity plant and plan to expand it further
- c. Capital investment on energy conservation equipment:** The Company through its group companies have invested ~Rs. 32,00,000 (Rupees Thirty-Two Lakhs 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	Financial year 2020-21
Foreign Exchange earned in terms of actual inflows	Nil	Nil
Foreign Exchange used in terms of actual outflows	23,389,392	Nil

Shifting of registered office of the Company

During the financial year under review, the Company has shifted its registered office within the local limits of the Mumbai city.

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.
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

Place: Mumbai

Date: September 26, 2022

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**

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	ARZT and Health Private Limited	Aycon Graph Connect Private Limited	AHWSPL India Private Limited	Docon Technologies Private Limited	Instinct Innovations Private Limited	Ayro Retail Solutions Private Limited	Medlife Wellness Retail Private Limited
The date since when subsidiary was acquired	27-Aug-20	27-Aug-20	21-Jun-19	23-May-19	27-Aug-20	8-May-20	27-Aug-20	22-Jan-21
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	12.11	0.05	0.10	0.10	142.53	0.49	0.10	0.24
Reserves and surplus	(10,726.28)	(202.93)	2,330.31	2,985.00	32,189.28	(199.66)	(1008.57)	(4,037.74)
Total assets	7,576.45	248.37	3,184.02	3,017.87	32,605.15	100.35	334.44	820.47
Total Liabilities (Excluding share capital and reserves and surplus)	18,290.62	451.25	853.61	32.77	273.34	299.52	1,342.91	4,857.97

Investments	52.07	-	1,724.81	3,005.16	32,450.47	-	4.60	-
Turnover	19,436.95	1,030.06	115	36.00	190.88	19.33	34.91	125.96
Profit before taxation	(13,654.17)	(174.16)	(7,223.96)	(30.51)	(17,400.98)	(164.44)	(574.02)	(977.86)
Provision for taxation	-	-	-	8.24	-	-	-	-
Profit after taxation	(13,652.17)	(174.16)	(7,223.96)	(38.75)	(17,400.98)	(164.44)	(574.02)	(977.86)
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2021-22	100%	100%	100%	100%	100%	100%	100%	100%

Sr. No.	9	10	11	12	13	14	15	16
Name of the Subsidiary	Metarain Distributor s Private Limited	Ascent Wellness and Pharma Solutions Private Limited	Aarush Tirupati Enterprises Private Limited	Aryan Wellness Private Limited	AKP Healthcare Private Limited	D. C. Agencies Private Limited	Desai Pharma Distributors Private Limited	Eastern Agencies Healthcare Private Limited
The date since when subsidiary was acquired	22-Jan-21	27-May-19	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20
Reporting period for the subsidiary concerned, if different from the	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

holding company's reporting period.								
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	12.13	1,001.33	0.10	0.10	0.20	0.10	55.50	117.50
Reserves and surplus	(658.54)	2,979.64	(35.92)	(463.85)	207.32	(434.46)	(88.77)	(363.56)
Total assets	14.77	12,919.00	128.54	1,426.76	633.92	1,207.07	312.23	834.47
Total Liabilities (Excluding share capital and reserves and surplus)	661.18	8,938.03	164.36	1,890.51	426.40	1,641.43	345.50	1,080.53
Investments	-	4,361.87	-	-	-	-	-	
Turnover	72.46	4,504.18	1,436.55	3,592.68	2,246.52	2,963.34	1,125.04	2,590.58
Profit before taxation	(128.45)	(425.01)	(26.45)	(2.55)	23.44	(154.47)	(10.20)	(82.09)
Provision for taxation	-	-	-	(15.16)	5.83	-	-	-
Profit after taxation	(128.45)	(425.01)	(26.45)	12.61	17.61	(154.47)	(10.20)	(82.09)
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2021-22	100%	100%	100%	80%	51%	100%	100%	100%

Sr. No.	17	18	19	20	21	22	23	24
Name of the Subsidiary	Muthu Pharma Private Limited	Pearl Medicals Private Limited	Rau and Co Pharma Private Limited	Reenav Pharma Private Limited	Shell Pharmaceuticals Private Limited	Mahaveer Medi-Sales Private Limited	VPI Medisales Private Limited	Venkatesh Medico Private Limited
The date since when subsidiary was acquired	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20	27-Aug-20
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	2.50	0.10	1.00	1.00	0.90	4.00	0.10	0.10
Reserves and surplus	(112.81)	(20.75)	(74.64)	13.75	(46.02)	694.19	(159.33)	(24.38)
Total assets	1,050.50	52.81	101.76	34.21	31.34	1,463.65	494.25	352.40
Total Liabilities (Excluding share capital and reserves and surplus)	1,160.81	73.46	175.40	19.46	76.46	765.46	653.48	376.68
Investments	-	-	-	-	-	-	-	-
Turnover	2,351.97	466.81	569.17	2,174.61	164.27	6,631.95	1,346.06	838.38
Profit before taxation	(21.28)	(7.81)	(13.49)	10.93	(4.07)	325.27	(59.00)	(8.31)

Provision for taxation	-	-	-	2.68	-	83.73	-	(2.74)
Profit after taxation	(21.28)	(7.81)	(13.49)	8.25	(4.07)	241.54	(59.00)	(5.57)
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2021-22	100%	100%	100%	51%	100%	51%	100%	51%

Sr. No.	25	26	27	28	29	30	31	32
Name of the Subsidiary	Aushad Pharma Distributor s Private Limited	Avighna Medicare Private Limited	Akna Medical Private Limited	Allumer Medical Private Limited	Shreeji Distributor s Pharma Private Limited	Vardhman Health Specialities Private Limited	Cosaintis Products Private Limited	Healthchain Private Limited
The date since when subsidiary was acquired	27-Aug-20	15-Jan-21	17-Sep-21	17-Sep-21	17-Sep-21	17-Sep-21	17-Sep-21	17-Sep-21
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	384.66	0.10	33.52	99.21	1.00	55.50	0.02	0.02
Reserves and surplus	(114.25)	(0.66)	3,543.41	(163.01)	144.32	522.20	(0.01)	(0.01)

Total assets	337.31	87.07	6,689.23	21.74	805.21	3,123.97	0.02	0.01
Total Liabilities (Excluding share capital and reserves and surplus)	66.90	87.63	3,112.30	85.54	659.89	2,546.27	0.01	0.01
Investments	-	-	1,984.15	-	-	-	-	-
Turnover	955.22	227.97	3,158.03	87.21	1,178.83	4,989.74	-	-
Profit before taxation	51.53	(1.00)	(1,744.27)	(16.48)	(16.45)	80.38	-	-
Provision for taxation	13.90	-	-	-	2.84	19.63	-	-
Profit after taxation	37.63	(1.00)	(1,744.27)	(16.48)	(13.61)	60.75	-	-
Proposed Dividend	-	-	-	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2021-22	51%	100%	67.30%	100%	100%	100%	100%	70%

Sr. No.	33	34	35	36	37
Name of the Subsidiary	Supplythis Technologies Private Limited	Thyrocare Technologies Limited	Nuclear Healthcare Limited	Dial Health Drug Supplies Private Limited	Care Easy Health Tech Private Limited
The date since when subsidiary was acquired	17-Sep-21	2-Sep-21	2-Sep-21	27-Aug-20	22-Nov-21
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

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
Share capital	0.10	529.00	111.11	0.10	0.10
Reserves and surplus	(27.91)	4,677.84	565.13	(178.04)	(250.98)
Total assets	61.44	5,971.85	836.81	0.32	26.50
Total Liabilities (Excluding share capital and reserves and surplus	89.25	764.97	160.56	178.26	277.38
Investments	-	2,594.05	361.76	-	-
Turnover	138.34	5,615.35	273.41	-	11.55
Profit before taxation	(27.91)	2,072.87	204.14	(55.01)	(251.11)
Provision for taxation	-	553.35	(37.58)	-	-
Profit after taxation	(27.91)	1,519.53	241.72	(55.01)	-
Proposed Dividend	-	-	-	-	-
Extent of shareholding (in percentage) at the end of financial year 2021-22	100%	71.18%	100%	100%	80.00%

1. Names of subsidiaries which are yet to commence operations: Dial Health Drug Supplies Private Limited

2. Names of subsidiaries which have been liquidated or sold during the year: No subsidiary has been liquidated or sold during the year, except Erstwhile Medlife International Private Limited and Erstwhile Evriksh Healthcare Private Limited which merged with 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)

Sr. No.	1	2	3
Name of the Associates or Joint Ventures	MARG ERP Ltd	Equinox Labs Limited	Impex Healthcare Private Limited
1. Latest audited Balance Sheet Date	March 31, 2022	March 31, 2022	March 31, 2022
2. Date on which the Associate or Joint Venture was associated or acquired	14-Oct-21	02-Sep-21	17-Sep-21
3. Shares of Associate or Joint Ventures held by the company on the year end	49.17%	30%	26%
No. of Shares	4917499	429186	650000
Amount of Investment in Associates or Joint Venture	2549.66	209.2	206.36
Extent of Holding (in percentage)	49.17%	30.03%	26.00%
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	99.23	209.2	90.30

7. Profit or Loss for the year			
i. Considered in Consolidation	18.49	1.70	3.25
ii. Not Considered in Consolidation	-	-	-

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
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**

Annexure II to Directors' Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)
(Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in 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

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
NOT APPLICABLE							

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

Sr. No.	Name(s) of the related party	Nature of 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 in advances, if any
1	Threpsi Solutions Private Limited	Subsidiary	Repayment of Loans	Short term loan	Tenure: Repayable on demand; Rate of Interest- 8% upto Oct 21, 10% from Nov 21 to March 22; Nature: Unsecured	11,109.71	NA	NA
2	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Repayment of Loans	Short term loan		9,547.75	NA	NA
3	Docon Technologies Private Limited	Subsidiary	Repayment of Loans	Short term loan		2,655.50	NA	NA

Sr. No.	Name(s) of the related party	Nature of 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 in advances, if any
4	Aycon Graph Connect Private Limited	Subsidiary	Repayment of Loans	Short term loan	Tenure: Repayable on demand; Rate of Interest- 8% upto Oct 21, 10% from Nov 21 to March 22; Nature: Unsecured	680.36	NA	NA
5	Medlife Wellness Retail Private Limited	Subsidiary	Repayment of loans	Short term loan		2,017.66	NA	NA
6	Metarain Distributors Private Limited	Subsidiary	Repayment of loans	Short term loan		378.22	NA	NA
7	Threpsi Solutions Private Limited	Subsidiary	Loan given	Short term loan		15,505.85	NA	NA
8	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Loan given	Short term loan		9,187.31	NA	NA
9	Docon Technologies Private Limited	Subsidiary	Loan given	Short term loan		3,307.27	NA	NA
10	Aycon Graph Connect Private Limited	Subsidiary	Loan given	Short term loan		1,286.87	NA	NA
11	Medlife Wellness Retail Private Limited	Subsidiary	Loan given	Short term loan		1,958.01	NA	NA
12	Care Easy Health Tech Private Limited	Subsidiary	Loan given	Short term loan		236.57	NA	NA
13	Threpsi Solutions Private Limited	Subsidiary	Interest income	On short term loan		404.70	NA	NA
14	Medlife Wellness Retail Private Limited	Subsidiary	Interest income	On short term loan		310.21	NA	NA
15	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Interest income	On short term loan		232.97	NA	NA

Sr. No.	Name(s) of the related party	Nature of 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 in advances, if any
16	Docon Technologies Private Limited	Subsidiary	Investment in Equity Shares	NA	NA	49,082.92	NA	NA
17	Akna Medical Private Limited	Subsidiary	Investment in Equity Shares	NA	NA	3,080.00	NA	NA
18	Threpsi Solutions Private Limited	Subsidiary	Investment in CCD	NA	As per CCD issue terms	3,505.88	NA	NA
19	Docon Technologies Private Limited	Subsidiary	Investment in CCD	NA	As per CCD issue terms	1,329.14	NA	NA
20	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Investment in CCD	NA	As per CCD issue terms	1,001.23	NA	NA
21	Aycon Graph Connect Private Limited	Subsidiary	Investment in CCD	NA	As per CCD issue terms	735.17	NA	NA
22	Ascent Wellness and Pharma Solutions Private Limited	Step down subsidiary	Guarantee provided on behalf of subsidiary	Upto August 2022	Guarantee issued against term loan availed by subsidiary	6,840.00	NA	NA
23	Aycon Graph Connect Private Limited	Subsidiary	Guarantee provided on behalf of subsidiary	Upto August 2022	Guarantee issued against term loan availed by subsidiary	560.00	NA	NA
24	Threpsi Solutions Private Limited	Subsidiary	Guarantee provided on behalf of subsidiary	Upto August 2022	Guarantee issued against term loan availed by subsidiary	9,190.00	NA	NA

Sr. No.	Name(s) of the related party	Nature of 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 in advances, if any
25	Akna Medical Private Limited	Subsidiary	Guarantee provided on behalf of subsidiary	Upto May 2025	Guarantee issued against NCD issued by subsidiary	650.00	NA	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</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**

Annexure III to Directors' Report



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 31st March 2022

*[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, 9th 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 of 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, 2022 ("**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 ended on March 31, 2022, 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.
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings, to the extent applicable.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, to the extent applicable.
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, to the extent applicable.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, to the extent applicable.
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing the clients; **(Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent)**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)** and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not Applicable to the Company during the Audit Period).**

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

- a) The Bio-Medical Wastes Management Rules, 2016.
- b) Pre-conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994, and rules made thereunder.

- c) The Clinical Establishments (Registration and Regulation) Act, 2010, and rules made thereunder.
- d) The 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 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 was converted from a Private Company to a Public Company i.e. "API Holdings Private Limited" to "API Holdings Limited". The Company had received a fresh certificate of incorporation dated October 28, 2021, for a change of name from the Registrar of Companies, Mumbai, Maharashtra.
- II. The authorized share capital of the Company was increased from Rs. 71,06,00,000/- (Rupees Seventy-One Crore Six Lakh only) to Rs.1000,00,00,000/- (Rupees One Thousand Crore only) by passing an ordinary resolution at an extraordinary general meeting held on July 24, 2021, for alteration of share capital clause of the Memorandum of Association of the Company.

Further, pursuant to an order of Regional Director, Ministry of Corporate Affairs, Western Region dated September 24, 2021 ("**Order**") approving the scheme of amalgamation of Medlife International Private Limited and Evriksh Healthcare Private Limited with the Company, the authorized share capital of the Company was

increased to Rs. 1031,08,00,000/-. Consequently, the capital clause of the Memorandum of Association was amended.

Pursuant to said Order, the main object clause of the Memorandum of Association of the Company was also amended.

- III. During the Audit Period, the Company issued and allotted the following securities in accordance with the provisions of the Act and rules made thereunder:

Issue of compulsorily convertible preference shares:

- a) 47,89,579 compulsorily convertible preference shares ranging from series XX to series XXVI at face value of Rs. 10/- each on various dates during the Audit Period through private placement at their respective issue price.

Issue of equity shares:

- a) 1,09,27,380 equity shares at face value of Rs. 10/- each on various dates during the Audit Period through private placement at their respective issue price.
- b) 4,200 Equity shares at face value of Rs. 10/- each pursuant to conversion of 30 optionally convertible redeemable debentures at face value of Rs. 1,00,000/- each.
- c) 25,69,044 equity shares at face value of Rs. 10/- each pursuant to conversion of 8,56,348 compulsorily convertible debentures from series IV to series IX. This includes 21,67,332 equity shares at face value of Rs. 10/- each allotted to founders of the Company against total subscription of Rs. 3,209.32 million.
- d) 1,62,64,768 equity shares at face value of Rs. 10/- each pursuant to conversion of 1,62,64,768 compulsorily convertible preference shares from series I to series XXVI of Rs. 10/- each.
- e) 51,851 equity shares at face value of Rs. 10/- each pursuant to exercise of employee stock options under API Holdings Limited - Employee Stock Option Plan 2020.
- f) 5,54,73,630 equity shares of face value of Rs. 10/- each to existing shareholders of the Company pursuant to bonus issue of shares in the ratio 10: 1 (i.e. 10 fully paid up equity shares as bonus for every 1 fully paid-up equity share held by shareholders as on record date October 28, 2021).
- g) Sub-divided the face value of equity shares and preference shares of the Company from face value of Rs. 10/- each to face value Re. 1/- each fully paid up.

- h) 4,39,31,140 equity shares at face value of Re. 1/- each pursuant to exercise of employee stock options under API Holdings Limited - Employee Stock Option Plan 2020.

Issue of compulsorily convertible debentures and conversion into non-convertible debentures:

- a) 3,99,935 compulsorily convertible debentures from series X to series XIV having face value of Rs. 2,000.33/- each through private placement. Subsequently, the nature of compulsorily convertible debentures changed to non-convertible debentures.
- IV. The Company adopted a new set of Articles of Association in substitution of the existing Articles of Association of the Company.
- V. The Company had filed a draft red hearing prospectus dated November 8, 2021, with the Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited for the proposed initial public offer of equity shares of the Company, on November 9, 2021.
- VI. The Company (acting as a person acting in concert) along with its wholly owned subsidiary viz. Docon Technologies Private Limited ("**Docon**"), the acquirer acquired 71.22% of the paid-up equity share capital of Thyrocare Technologies Limited ("**Thyrocare**") from the erstwhile promoters and members of the promoter group of Thyrocare pursuant to a share purchase agreement and from the public shareholders through an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Consequently, Thyrocare became a subsidiary of the Company.
- VII. Further, during the financial year under review, Nuclear Healthcare Limited, Care Easy Health Tech Private Limited, Akna Medical Private Limited, Supplythis Technologies Private Limited, Healthchain Private Limited, Cosaintis Products Private Limited, Vardhman Health Specialities Private Limited, Shreeji Distributors Pharma Private Limited, Allumer Medical Private Limited became subsidiary companies of the Company and Impex Healthcare Private Limited, Equinox Labs Private Limited, and Marg ERP Limited became associate companies of the Company.

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

Yours faithfully,

For **Hru & Associates**
Company Secretaries

Hemanshu Upadhyay
Proprietor
Membership No. 46800
C.P Number: 20259
Date: 13/09/2022
UDIN: A046800D000962946
Place: Mumbai



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..

Annexure to the secretarial audit report

To
The Members,
API Holdings Limited
(Formerly known as API Holdings Private Limited)
902, 9th 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. Further part of the verification was done on the basis of electronic data provided to me by the Company due to COVID-19 pandemic restrictions and on a test check basis to ensure the correct facts as reflected in secretarial and other records produced to me. I believe that the processes and practices I followed, provide a reasonable basis for my opinion for the purpose of issue of the Secretarial Audit Report.

4. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company
5. Wherever required, I have obtained the management representation about the list of applicable laws, compliance with laws, rules and regulations, and major events during the Audit Period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Hru & Associates**
Company Secretaries

Hemanshu Upadhyay
Proprietor
Membership No. 46800
C.P Number: 20259
Date: 13/09/2022
UDIN: A046800D000962946
Place: Mumbai