DRAFT RED HERRING PROSPECTUS
Dated: August 16, 2021
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
Book Built Offer

MEDPLUS HEALTH SERVICES LIMITED

Our Company was incorporated as 'MedPlus Health Services Private Limited' at Hyderabad, Andhra Pradesh as a private limited company under the Companies Act, 1956, and was granted the certificate of incorporation on November 30, 2006 by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was converted from a private limited company to a public limited company, pursuant to a special resolution passed by our Shareholders at the extraordinary general meeting held on June 1, 2021 and the name of our Company was changed to 'MedPlus Health Services Limited'. Consequently, a fresh certificate of incorporation was issued by the Registrar of Companies, Telangana at Hyderabad ("**RoC**") on June 28, 2021. For further details see, "*History and Certain Corporate Matters*" on page 141.

Registered Office: 707, 7th Floor, 5-9-13, Taramandal Commercial Complex, Saifabad, Hyderabad 500 004, Telangana, India; **Tel**: +91 040 6724 6724;
Corporate Office: Municipal No: 11-6-56, Survey No. 257 & 258/1, C Block, III Floor, Opp: Railway Siding (Moosapet), Kukatpally, Hyderabad 500 037, Telangana, India; **Tel**: +91 040 6724 6724;
Website: www.medplusindia.com; **Contact Person**: Parag Jain, Company Secretary and Compliance Officer; **E-mail**: cs@medplusindia.com;
Corporate Identity Number: U85110TG2006PLC051845

OUR PROMOTERS: GANGADI MADHUKAR REDDY, LONE FURROW INVESTMENTS PRIVATE LIMITED AND AGILEMED INVESTMENTS PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH ("EQUITY SHARES") OF MEDPLUS HEALTH SERVICES LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹16,387.16 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹6,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹10,387.16 MILLION (THE "OFFER FOR SALE"), COMPRISING AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹4,500 MILLION BY LONE FURROW INVESTMENTS PRIVATE LIMITED ("PROMOTER SELLING SHAREHOLDER"), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹5,000 MILLION BY PI OPPORTUNITIES FUND – I ("INVESTOR SELLING SHAREHOLDER"), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹331.16 MILLION BY S. S. PHARMA LLC, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹100 MILLION BY NATCO PHARMA LIMITED, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹100 MILLION BY TIME CAP PHARMA LABS PRIVATE LIMITED, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹98.98 MILLION BY SHORE PHARMA LLC, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹88.93 MILLION BY AJAY KUMAR BANNAI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹48.06 MILLION BY A. RAGHAVA REDDY, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹41.60 MILLION BY SUNEEL DHAWAN, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹28.50 MILLION BY K PRAKURTHI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹20.80 MILLION BY NAVDEEP PATYAL, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹10.40 MILLION BY ASHOK MAYYA, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹9.91 MILLION BY SANGEETA RAJU, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹8.03 MILLION BY R. VENKAT REDDY, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.15 MILLION BY TK KURIEN, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.13 MILLION BY NITHYA VENKATARAMANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.13 MILLION BY ATUL GUPTA, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.13 MILLION BY MANOJ JAISWAL, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.13 MILLION BY RAHUL GARG, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.05 MILLION BY KOLLENGODE RAMANATHAN LAKSHMINARAYANA AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹0.05 MILLION BY BIJOU KURIEN (COLLECTIVELY, THE "OTHER SELLING SHAREHOLDERS" AND COLLECTIVELY WITH THE PROMOTER SELLING SHAREHOLDER AND INVESTOR SELLING SHAREHOLDER ARE REFERRED TO AS THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES, THE "OFFERED SHARES").

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹[●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER MAY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, OFFER A DISCOUNT OF UP TO ₹[●] OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY").

THE PRICE BAND, THE RUPEE AMOUNT OF DISCOUNT, IF ANY, TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT") AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS") AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITIONS OF [●], A TELUGU DAILY NEWSPAPER (TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA, WHERE OUR REGISTERED OFFICE IS LOCATED) EACH WITH WIDE CIRCULATION AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

In case of any revision in the Price Band, the Bid/ Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/ Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Investor Selling Shareholder, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"). This Offer is in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**" and such portion the "**QIB Portion**") provided that our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders ("**RIB**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, up to [●] Equity Shares aggregating up to ₹ [●] million will be available for allocation to Eligible Employees, subject to valid Bids being received at or above the Offer Price. All Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID (in case of RIBs using the UPI Mechanism), in which case the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 309.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹2. The Floor Price, Cap Price and Offer Price should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 25.

COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly accepts responsibility for and confirms the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to such Selling Shareholder and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each Selling Shareholder severally and not jointly, assumes no responsibility for any other statement in this Draft Red Herring Prospectus, including, *inter alia*, any of the statements made by or relating to our Company or its business or any other Selling Shareholders.

LISTING

The Equity Shares to be Allotted through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 333.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
Axis Capital Limited 1st Floor, Axis House C-2, Wadia International Centre, P.B. Marg, Worli Mumbai 400 025 Maharashtra, India **Tel:** +91 22 4325 2183 **E-mail:** medplus.ipo@axiscap.in **Investor grievance e-mail:** complaints@axiscap.in **Website:** www.axiscapital.co.in **Contact person:** Pratik Pednekar **SEBI Registration No:** INM000012029	**Credit Suisse Securities (India) Private Limited** 9th Floor, Ceejay House Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 **Tel:** +91 22 6777 3885 **E-mail:** list.medplusipo@credit-suisse.com **Investor Grievance e-mail:** list.igcellmer-bnkg@credit-suisse.com **Website:** www.credit-suisse.com **Contact person**: Abhishek Joshi **SEBI Registration No.:** INM000011161	**Edelweiss Financial Services Limited** 6th Floor, Edelweiss House Off CST Road, Kalina Mumbai 400 098 Maharashtra, India **Tel:** +91 22 4009 4400 **E-mail:** medplus.ipo@edelweissfin.com **Investor grievance e-mail:** customerservice.mb@edelweissfin.com **Website:** www.edelweissfin.com **Contact person:** Dhruv Bhavsar **SEBI Registration No.:** INM0000010650	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11 Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India **Tel:** +91 22 4037 4037 **E-mail:** medplusipo@nomura.com **Investor grievance e-mail:** investorgrievances-in@nomura.com **Website:** www.nomuraholdings.com/company/group/asia/india/index.html **Contact person:** Vishal Kanjani / Chirag Shah **SEBI Registration No:** INM000011419	**KFin Technologies Private Limited** Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareedi 500 032, Telangana, India **Tel:** +91 40 6716 2222/ 180034 54001 **E-mail:** medplus.ipo@kfintech.com **Investor grievance e-mail:** einward.ris@kfintech.com **Website:** www.kfintech.com **Contact person:** M Murali Krishna **SEBI Registration No.:** INR000000221

BID/ OFFER SCHEDULE

BID/ OFFER OPENS ON	[●][(1)]	BID/ OFFER CLOSES ON	[●][(2)]

[(1)] *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.*

[(2)] *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, or policies shall be to such legislation, act, regulation, rules, guidelines, circulars, notifications, clarifications or policies shall be deemed to include all amendments, supplements, re-enactments and modifications thereto, from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable.

Notwithstanding the foregoing, the terms used in "Objects of the Offer", "Basis for Offer Price", "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "History and Certain Corporate Matters", "Financial Statements", "Financial Indebtedness", "Outstanding Litigation and Material Developments" "Other Regulatory and Statutory Disclosures", and "Description of Equity Shares and Terms of Articles of Association" on pages 86, 93, 95, 101, 133, 141, 179, 275, 277, 288 and 325, respectively, shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Company" or "the Company"	MedPlus Health Services Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 707, 7th Floor, 5-9-13, Taramandal Commercial Complex, Saifabad, Hyderabad 500 004, Telangana, India and Corporate Office at Municipal No: 11-6-56, Survey No. 257 & 258/1, C Block, III Floor, Opp: Railway Siding (Moosapet), Kukatpally, Hyderabad 500 037, Telangana, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiaries

Company Related Terms

Term	Description
Agilemed	Agilemed Investments Private Limited
"Articles of Association" or "AoA"	Articles of association of our Company, as amended
Audit Committee	The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 156
"Auditors" or "Statutory Auditors" or "Independent Auditors"	The current statutory auditors of our Company, being B S R & Associates LLP, Chartered Accountants
"Board" or "Board of Directors"	The board of directors of our Company, as described in "*Our Management*" on page 156
BTA	Business transfer agreement dated December 10, 2020 entered into amongst MHSPPL and our Company
CCPS	Compulsorily convertible preference shares
CPL	Clearancekart Private Limited
Company Secretary and Compliance Officer	Company secretary and compliance officer of our Company, namely, Parag Jain
Corporate Office	The corporate office of our Company situated at Municipal No: 11-6-56, Survey No. 257 & 258/1, C Block, III Floor, Opp: Railway Siding (Moosapet), Kukatpally, Hyderabad 500 037, Telangana, India
Corporate Promoters	Collectively, Agilemed Investments Private Limited and Lone Furrow Investments Private Limited
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management*" on page 156
DMPL	Deccan Medisales Private Limited
Director(s)	The directors on our Board
Equity Shares	Equity shares of our Company bearing face value of ₹2 each
ESOP Plan 2009	MedPlus Employees Stock Option and Shares Plan – 2009, as amended, as described in "*Capital Structure*" on page 66
ESOP Plan 2021	MedPlus Employees Stock Option and Shares Plan – 2021, as amended, as described in "*Capital Structure*" on page 66
Executive Director	Executive director on our Board
GIPL	Gangadi Investments Private Limited

Term	Description
Group Company	Our group company, namely Hinshitsu Manufacturing Private Limited as described in "*Our Group Companies*" on page 177
Independent Directors	Independent directors on our Board
Individual Promoter	Gangadi Madhukar Reddy
"Investor Selling Shareholder" or "PIOF" or "Premji Invest"	PI Opportunities Fund - I
IPO Committee	The IPO committee of our Board, as described in "*Our Management*" on page 156
KMPL	Kalyani Meditimes Private Limited
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations including key managerial personnel under Section 2(51) of the Companies Act as described in "*Our Management*" on page 156
Lavender Rose	Lavender Rose Investment Ltd, belonging to the Warburg Pincus group
Lone Furrow	Lone Furrow Investments Private Limited
Madhukar Employment Agreement	Our Company and our Managing Director and Chief Executive Officer, Gangadi Madhukar Reddy have entered into an employment agreement dated April 5, 2019, setting out the terms of his employment as amended pursuant to amendment agreement dated February 5, 2021
Managing Director and Chief Executive Officer	Managing director and Chief Executive Officer of our Company, Gangadi Madhukar Reddy
Material Subsidiary	Subsidiaries which contribute 10% or more to the turnover or net-worth or profits before tax of the immediately preceding financial year included in the Restated Financial Statements. Accordingly, Optival Health Solutions Private Limited is the Material Subsidiary of our Company
MHSPPL	MHS Pharmaceuticals Private Limited
"Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended
NSPPL	Nova Sud Pharmaceuticals Private Limited
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 156
Non-Executive Director	Non-Executive director on our Board
Optival	Optival Health Solutions Private Limited
Other Selling Shareholders	Collectively, S. S. Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Private Limited, Shore Pharma LLC, Ajay Kumar Bannai, A. Raghava Reddy, Suneel Dhawan, K Prakurthi, Navdeep Patyal, Ashok Mayya, Sangeeta Raju, R. Venkat Reddy, TK Kurien, Nithya Venkataramani, Atul Gupta, Manoj Jaiswal, Rahul Garg, Kollengode Ramanathan Lakshminarayana and Bijou Kurien
Preference Shares	Collectively, the following outstanding preference shares, (i) 2,836,421 Series A CCPS, (ii) 8,956,480 Series B CCPS, (iii) 1,721,445 Series B1 CCPS, (iv) 1,676,418 Series B2 CCPS, (v) 560,896 Series C1 CCPS, and (vi) 160,147 Series C2 CCPS
Promoters	Collectively, the Individual Promoter and the Corporate Promoters
Promoter Group	Individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in "*Our Promoters and Promoter Group*" on page 173
Promoter Selling Shareholder	Lone Furrow Investments Private Limited
Registered Office	The registered office of our Company situated at 707, 7th Floor, 5-9-13, Taramandal Commercial Complex, Saifabad, Hyderabad 500 004, Telangana, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Telangana at Hyderabad
Restated Consolidated Financial Information	The restated consolidated financial information of our Company, along with our Subsidiaries, comprising of the restated consolidated balance sheet as at March 31, 2021, March 31, 2020 and March 31, 2019, and the restated consolidated statement of profit and loss (including other comprehensive income), and restated consolidated statement of cash flows and restated consolidated statement of changes in equity for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with its notes, annexures and schedules are derived from our audited consolidated financial statements as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI
Ritemed	Ritemed Pharma Retail Private Limited
Scheme of Amalgamation	The scheme of amalgamation between Optival, Ritemed and their respective shareholders and creditors, under Section 233 and certain other provisions of the Companies Act, 2013 filed with the RoC on October 3, 2018 pursuant to which Ritemed amalgamated with Optival, as described in "*History and Certain Corporate Matters*" on page 141

Term	Description
SBPPL	Shri Banashankari Pharma Private Limited
SPDPL	Sidson Pharma Distributors Private Limited
SSPPL	Sai Sridhar Pharma Private Limited
Series A CCPS	Series A CCPS of face value of ₹20 each
Series B CCPS	Series B CCPS of face value of ₹20 each
Series B1 CCPS	Series B1 CCPS of face value of ₹20 each
Series B2 CCPS	Series B2 CCPS of face value of ₹20 each
Series C1 CCPS	Series C1 CCPS of face value of ₹20 each
Series C2 CCPS	Series C2 CCPS of face value of ₹20 each
Selling Shareholders	Collectively, the Promoter Selling Shareholder, Investor Selling Shareholder and the Other Selling Shareholders
SHA	Shareholders agreement dated December 24, 2020 amongst our Company, our Promoters, PI Opportunities Fund-I, S.S. Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Private Limited, Lavender Rose Investment Ltd, Gangadi Investments Private Limited and certain individual shareholders of our Company, as amended by waiver cum amendment agreement dated August 5, 2021
Shareholders	Shareholders of our Company
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 156
Subsidiary	Subsidiaries of our Company, as of the date of this Draft Red Herring Prospectus and as identified under the provisions of the Companies Act, namely: 1. Clearancekart Private Limited; 2. Deccan Medisales Private Limited; 3. Kalyani Meditimes Private Limited; 4. MHS Pharmaceuticals Private Limited; 5. Nova Sud Pharmaceuticals Private Limited; 6. Optival Health Solutions Private Limited; 7. Sai Sridhar Pharma Private Limited; 8. Shri Banashankari Pharma Private Limited; 9. Sidson Pharma Distributors Private Limited; 10. Venkata Krishna Enterprises Private Limited; and 11. Wynclark Pharmaceuticals Private Limited
User Agreement	User agreement dated March 1, 2019 entered into between Optival and our Company
VKEPL	Venkata Krishna Enterprises Private Limited
WPPL	Wynclark Pharmaceuticals Private Limited

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus. who has Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the requirements specified under the SEBI ICDR Regulations and the Red Herring Prospectus

Term	Description
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and to authorise an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of the UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIB using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Axis Capital	Axis Capital Limited
Banker(s) to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" on page 305
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto in accordance with the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	In relation to each Bid, the highest value of Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid. Eligible Employees applying in the Employee Reservation Portion can apply at the Cut Off Price and the Bid Amount shall be Cap Price, net of Employee Discount, if any, multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000 (net of Employee Discount). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount).
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation. Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with

Term	Description
	the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall also be widely disseminated by notification to the Stock Exchanges and notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Provided however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	Book running lead managers to the Offer, namely, Axis Capital Limited, Credit Suisse Securities (India) Private Limited, Edelweiss Financial Services Limited and Nomura Financial Advisory and Securities (India) Private Limited
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, subject to any revisions thereto, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered among our Company and the Investor Selling Shareholder, the BRLMs, the Bankers to the Offer and Registrar to the Offer for, *inter alia*, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to dematerialised account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges, as updated from time to time
Credit Suisse	Credit Suisse Securities (India) Private Limited
Cut-off Price	Offer Price, finalised by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band Only Retail Individual Bidders Bidding in the Retail Portion and Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price (net of the Employee Discount, as applicable). No other category of Bidders is entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of RIBs using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the

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	Refund Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs and Eligible Employees Bidding in the Employee Reservation Portion by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs (excluding Anchor Investors) and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated August 16, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
"Edel" or "Edelweiss"	Edelweiss Financial Services Limited
Eligible Employees	Permanent employees, working in India or outside India (excluding such employees who are not eligible to invest in the Offer under applicable laws), of our Company; or a Director of our Company or of our Subsidiary, whether whole-time or not, as on the date of the filing of the Red Herring Prospectus with the RoC and on date of submission of the Bid cum Application Form, but not including (i) Promoters; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Company; and (iv) an independent director The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000
Eligible FPI(s)	FPI(s) from such jurisdictions outside India where it is not unlawful to make an offer/invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Employee Discount	A discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share) as may be offered by our Company and the Investor Selling Shareholder, in consultation with the Book Running Lead Managers, to Eligible Employees and which shall be announced at least two Working Days prior to the Bid/Offer Opening Date
Employee Reservation Portion	The portion of the Offer being up to [●] Equity Shares aggregating ₹[●] million which shall not exceed [●]% of the post-Offer Equity Share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis
Escrow Account	The 'no-lien' and 'non-interest bearing' account(s) to be opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding ASBA Bidders) will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	The bank(s) which are registered with SEBI as banker(s) to an issue and with whom the Escrow Account(s) will be opened, in this case being [●]
Exemption Application	Exemption application dated May 24, 2021 filed by the Company with SEBI, as approved by SEBI pursuant to letter dated June 17, 2021
First or sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	Fresh issue of up to [●] Equity Shares aggregating up to ₹6,000 million by our Company
General Information Document or GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and the UPI

Term	Description
	Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
Monitoring Agency	[●]
Monitoring Agency Agreement	Agreement to be entered into between our Company and the Monitoring Agency, as applicable
Mutual Fund Portion	5% of the Net QIB Portion which shall be available for allocation only to Mutual Funds on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Offer	The Offer less the Employee Reservation Portion
Net Proceeds	The proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 86
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not less than 15% of the Net Offer which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	Person resident outside India, as defined under FEMA
Offer	The initial public offer of Equity Shares comprising of the Fresh Issue and the Offer for Sale. The Offer comprises the Net Offer and Employee Reservation Portion.
Offer Agreement	The agreement dated August 16, 2021 entered into amongst our Company and the Investor Selling Shareholder and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating up to ₹10,387.16 million an Offer for sale, comprising of up to [●] Equity Shares aggregating up to ₹4,500 million by the Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹5,000 million by the Investor Selling Shareholder, up to [●] Equity Shares aggregating up to ₹331.16 million by S. S. Pharma LLC, up to [●] Equity Shares aggregating up to ₹100 million by Natco Pharma Limited, up to [●] equity shares aggregating up to ₹100 million by Time Cap Pharma Labs Private Limited, up to [●] Equity Shares aggregating up to ₹98.98 million by Shore Pharma LLC, up to [●] Equity Shares aggregating up to ₹88.93 million by Ajay Kumar Bannai, up to [●] Equity Shares aggregating up to ₹48.06 million by A. Raghava Reddy, Up To [●] Equity Shares aggregating up to ₹41.60 million by Suneel Dhawan, up to [●] Equity Shares aggregating up to ₹28.50 million by K Prakurthi, up to [●] Equity Shares aggregating up to ₹20.80 million by Navdeep Patyal, up to [●] Equity Shares aggregating up to ₹10.40 million by Ashok Mayya, up to [●] Equity Shares aggregating up to ₹9.91 million by Sangeeta Raju, up to [●] Equity Shares aggregating up to ₹8.03 million by R. Venkat Reddy, up to [●] Equity Shares aggregating up to ₹0.15 million by TK Kurien, up to [●] Equity Shares aggregating up to ₹0.13 million by Nithya Venkataramani, up to [●] Equity Shares aggregating up to ₹0.13 million by Atul Gupta, up to [●] Equity Shares aggregating up to ₹0.13 million by Manoj Jaiswal, Up To [●] Equity Shares aggregating up to ₹0.13 million by Rahul Garg, up to [●] Equity Shares aggregating up to ₹0.05 million by Kollengode Ramanathan Lakshminarayana and up to [●] Equity Shares aggregating up to ₹0.05 million by Bijou Kurien
Offer Price	The final price at which Equity Shares will be Allotted to successful ASBA Bidders (except for the Anchor Investors) in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus A discount of up to [●]% on the Offer Price (equivalent of ₹[●] per Equity Share) may be offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company and the Investor Selling Shareholder, in consultation with the Book Running Lead Managers
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" on page 86
Offered Shares	Up to ₹10,387.16 million an Offer for sale, comprising of up to [●] Equity Shares aggregating up to ₹4,500 million by the Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹5,000 million by the Investor Selling Shareholder, up to [●] Equity Shares aggregating up to ₹331.16 million by S. S. Pharma LLC, up to [●] Equity Shares aggregating up to ₹100 million by Natco Pharma Limited, up to [●] equity shares aggregating up to ₹100 million by Time Cap Pharma Labs Private Limited, up to [●] Equity Shares aggregating up to ₹98.98 million by Shore Pharma LLC, up to [●] Equity Shares aggregating up to ₹88.93 million by Ajay Kumar Bannai, up to [●] Equity Shares aggregating up to ₹48.06 million by A. Raghava Reddy, Up To [●] Equity Shares aggregating up to ₹41.60 million by

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	Suneel Dhawan, up to [●] Equity Shares aggregating up to ₹28.50 million by K Prakurthi, up to [●] Equity Shares aggregating up to ₹20.80 million by Navdeep Patyal, up to [●] Equity Shares aggregating up to ₹10.40 million by Ashok Mayya, up to [●] Equity Shares aggregating up to ₹9.91 million by Sangeeta Raju, up to [●] Equity Shares aggregating up to ₹8.03 million by R. Venkat Reddy, up to [●] Equity Shares aggregating up to ₹0.15 million by TK Kurien, up to [●] Equity Shares aggregating up to ₹0.13 million by Nithya Venkataramani, up to [●] Equity Shares aggregating up to ₹0.13 million by Atul Gupta, up to [●] Equity Shares aggregating up to ₹0.13 million by Manoj Jaiswal, Up To [●] Equity Shares aggregating up to ₹0.13 million by Rahul Garg, up to [●] Equity Shares aggregating up to ₹0.05 million by Kollengode Ramanathan Lakshminarayana and up to [●] Equity Shares aggregating up to ₹0.05 million by Bijou Kurien
Price Band	Price band of a minimum price of ₹[●] per Equity Share (i.e., the Floor Price) and the maximum price of ₹[●] per Equity Share (i.e., the Cap Price) including any revisions thereof. The Price Band. the Employee Discount and the minimum Bid Lot for the Offer will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Telugu daily newspaper, (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation and will be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Investor Selling Shareholder, in consultation with the BRLMs will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The 'no-lien' and 'non-interest bearing' account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts maintained with the SCSBs on the Designated Date
Public Offer Account Bank(s)	A bank which is registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer which shall be available for allocation to QIBs (including Anchor Investors in which allocation shall be on a discretionary basis, as determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or the Anchor Investor Offer Price, as applicable
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	Red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	The stock brokers registered under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The agreement dated August 14, 2021 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars
"Registrar to the Offer" or "Registrar"	KFin Technologies Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable.

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	QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders
Sponsor Bank	[●], being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries (other than BRLMs) registered with SEBI who are permitted to carry out activities in relation to collection of Bids and as an underwriters, namely, [●]
Technopak	Technopak Advisors Private Limited
Technopak Report	Report titled "Pharmacy Retail in India", issued on August 12, 2021 prepared by Technopak Advisors Private Limited
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Underwriters on or after the Pricing Date, but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface, which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID/ PIN	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by an RIB in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI

Technical/Industry Related Terms/Abbreviations

Term	Description
"Adjusted EBITDA"	EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortisation expenses, and finance costs. Adjusted EBITDA is calculated as EBITDA plus Employees stock option expense and net loss on fair value changes minus interest income. EBITDA and Adjusted EBITDA are Non-GAAP Measures. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19 For a reconciliation of Adjusted EBITDA, see "*Other Financial Information*" on page 256
"Adjusted EBITDA Margin"	Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by revenue from operations. Adjusted EBITDA Margin is a Non-GAAP Measure. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19 For a reconciliation of Adjusted EBITDA Margin, see "*Other Financial Information*" on page 256
"ARS"	Automatic replenishment system
"Average Order Value"	Average cost of an order made of our Company's products
"B&M stores"	Brick and mortar stores
"CAGR"	Compounded Annual Growth Rate (as a %): (End Year Value/ Base Year Value) ^ (1/No. of years between Base year and End year) –1 [^ denotes 'raised to']
"Competition Act"	The Competition Act, 2002, as amended
"CSR"	Corporate social responsibility
"DCGI"	Drugs Controller General Inspector
"DPCO 2013"	Drug Prices Control Order, 2013
"Drugs and Cosmetics Act" or "DCA"	The Drugs and Cosmetics Act, 1940
"ECL"	Expected credit loss
"EGM"	Extraordinary General Meeting.
"EHS"	Environmental, health and safety
"Environment Act"	Environment (Protection) Act, 1986
"ESG"	Environmental, social and governance
"FMCG"	Fast moving consumer goods
"FSSAI"	Food Safety and Standards Authority of India
"FVTPL"	Fair value through profit and loss
"Hazardous Wastes Rules"	Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
"Indian Income Tax Act"	Income Tax Act 1961, as amended
"Legal Metrology Department"	A department established under the Legal Metrology Act, 2009
"Mature Stores"	For Financial Year 2021, 2020 and 2019, Mature Stores are defined as stores that were opened by end of Financial Year 2017, 2016, and 2015 respectively
"MRP"	Maximum retail price
"NCD"	Non-convertible debenture
"Net Asset Value"	Net Asset Value is the restated total equity attributable to owners of the Company. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19 For a reconciliation of Net Asset Value, see "*Other Financial Information*" on page 256
"Net Asset Value per Share"	Net Asset Value per Share is calculated as restated total equity attributable to owners of the Company divided by weighted average number of shares. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19 For a reconciliation of Net Asset Value per Share, see "*Other Financial Information*" on page 256
"Net Tangible Assets"	Net tangible assets, restated and consolidated, means the sum of all net assets of the Issuer and excluding intangible assets including goodwill, intangible assets under development and deferred tax assets each on restated basis and as defined in Indian Accounting Standard 38. Net Tangible assets is a Non-GAAP Measure. For further details, see "*Other Regulatory and Statutory Disclosures*" on page 288 For a reconciliation of Net Tangible assets, see "*Other Regulatory and Statutory Disclosures*" on page 288
"Net Worth"	The aggregate of share capital and other equity attributable to the owners of our Company.
"NLEM"	The National List of Essential Medicines – 2011
"NPD"	Non-personal data

Term	Description
"NPPA"	The National Pharmaceutical Pricing Authority
"Operating Profit"	Restated and consolidated Operating Profit has been calculated as restated and consolidated net profit before tax excluding other income, finance cost and net loss on fair value changes each on a restated and consolidated basis. For further details, see "*Other Regulatory and Statutory Disclosures*" on page 288
"PFCE"	Private final consumption expenditure
"Return on Net Worth"	Return on Net Worth ratio calculated as restated profit for the year attributable to the owners of the Company divided by Restated total equity attributable to owners of the Company at the end of the year. For further details, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19 For a reconciliation of Return on Net Worth, see "*Other Financial Information*" on page 256
"SKU"	Store keeping units
"STT"	Securities transaction tax

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AIFs	Alternative Investment Funds
Air Act	The Air (Prevention and Control of Pollution) Act, 1981
BSE	BSE Limited
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder
Cosmetic Rules	Cosmetic Rules, 2020
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
Drugs and Cosmetics Rules	Drugs and Cosmetics Rules, 1945
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortisation expenses, and finance costs
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FCNR	Foreign Currency Non-Resident
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
"GoI" or "Government" or "Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
IPO	Initial public offering
IST	Indian Standard Time

Term	Description
IT Act	The Income Tax Act, 1961
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCLR	Marginal Cost of Funds Based Lending Rate
Mutual Fund (s)	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N/A	Not applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRI	Individual resident outside India, who is a citizen of India
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	An entity de-recognised through Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. OCBs are not allowed to invest in the Offer
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Office	Trade Marks Registry, as under the Office of the Controller General of Patents, Designs and Trademarks, Government of India
Borrowings	Non-current borrowings including current maturities of non-current borrowings
U.S./USA/United States	United States of America, its territories and possessions, any State of the United States, and the District of Columbia
USD/US$	United States Dollars
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Water Act	The Water (Prevention and Control of Pollution) Act, 1974

OFFER DOCUMENT SUMMARY

The following is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or the Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Financial Statements", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Description of Equity Shares and Terms of Articles of Association" on pages 25, 50, 66, 86, 101, 119, 179, 277, 309 and 325, respectively.

<table>
<tr><td>Summary of the primary business of our Company</td><td>In terms of the Technopak Report, we are the second largest pharmacy retailer in India in terms of revenue from operations and number of stores, as of financial year 2021. We offer a wide range of products, including (i) pharmaceutical and wellness products such as medicines, vitamins, medical devices and test kits, and (ii) FMCG products such as home and personal care products, including toiletries, baby care products, soaps and detergents and sanitizers. We were the first pharmacy retailer in India to offer an omni-channel platform and continue to scale up our retail store network (Source: Technopak Report).</td></tr>
<tr><td>Summary of the industry in which our Company operates</td><td>In terms of the Technopak Report, the pharmacy retail industry is expected to grow at a CAGR of 11% in the next four years, with FMCG products playing an increasingly important role in the product mix with sales contributions of up to 30% for modern organized pharmacy stores. As per the Technopak Report, the modern pharmacy retail segment is estimated to grow at 27% CAGR, and faster than other segments within pharmacy retail. B&M stores adopting the hyperlocal model and omnichannel retail platform is also emerging as important players in the pharmacy retail market.</td></tr>
<tr><td>Name of our Promoters</td><td>Gangadi Madhukar Reddy, Lone Furrow Investments Private Limited and Agilemed Investments Private Limited</td></tr>
<tr><td>Offer size</td><td>Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating up to ₹16,387.16 million (the "Offer"), comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹6,000 million by our Company and an Offer for Sale of up to [●] Equity Shares aggregating up to [●] Equity Shares aggregating up to ₹10,387.16 million (The "Offer For Sale"), comprising of up to [●] Equity Shares aggregating up to ₹4,500 million by Lone Furrow Investments Private Limited ("Promoter Selling Shareholder"), up to [●] Equity Shares aggregating up to ₹5,000 million by PI Opportunities Fund – I ("Investor Selling Shareholder"), up to [●] Equity Shares aggregating up to ₹331.16 million by S. S. Pharma LLC, up to [●] Equity Shares aggregating up to ₹100 million by Natco Pharma Limited, up to [●] equity shares aggregating up to ₹100 million by Time Cap Pharma Labs Private Limited, up to [●] Equity Shares aggregating up to ₹98.98 million by Shore Pharma LLC, up to [●] Equity Shares aggregating up to ₹88.93 million by Ajay Kumar Bannai, up to [●] Equity Shares aggregating up to ₹48.06 million by A. Raghava Reddy, Up To [●] Equity Shares aggregating up to ₹41.60 million by Suneel Dhawan, up to [●] Equity Shares aggregating up to ₹28.50 million by K Prakurthi, up to [●] Equity Shares aggregating up to ₹20.80 million by Navdeep Patyal, up to [●] Equity Shares aggregating up to ₹10.40 million by Ashok Mayya, up to [●] Equity Shares aggregating up to ₹9.91 million by Sangeeta Raju, up to [●] Equity Shares aggregating up to ₹8.03 million by R. Venkat Reddy, up to [●] Equity Shares aggregating up to ₹0.15 million by TK Kurien, up to [●] Equity Shares aggregating up to ₹0.13 million by Nithya Venkataramani, up to [●] Equity Shares aggregating up to ₹0.13 million by Atul Gupta, up to [●] Equity Shares aggregating up to ₹0.13 million by Manoj Jaiswal, Up To [●] Equity Shares aggregating up to ₹0.13 million by Rahul Garg, up to [●] Equity Shares aggregating up to ₹0.05 million by Kollengode Ramanathan Lakshminarayana and up to [●] Equity Shares aggregating up to ₹0.05 million by Bijou Kurien (collectively, the "Other Selling Shareholders" and collectively with the Promoter Selling Shareholder and Investor Selling Shareholder are referred to as the "Selling Shareholders")

The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent of ₹ [●] per Equity Share) to the Offer Price to Eligible Employees and which shall be announced at least two Working Days prior to the Bid/ Offer Opening Date.

The Offer less the Employee Reservation Portion is the Net Offer. The Offer and Net Offer shall constitute [●] % and [●] % of the post-Offer paid-up equity share capital of our Company.</td></tr>
<tr><td>Objects of the Offer</td><td>The objects for which the Net Proceeds from the Offer shall be utilized are as follows:
(₹ in million)<table><tr><th>Particulars</th><th>Amount (₹ in million)</th></tr><tr><td>Funding working capital requirements of our Material Subsidiary, Optival</td><td>4,671.70</td></tr><tr><td>General corporate purposes[(1)]</td><td>[●]</td></tr><tr><td>Total</td><td>[●]</td></tr></table>[(1)]To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue</td></tr>
<tr><td>Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholders as a percentage of our</td><td>(a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:</td></tr>
</table>

paid-up Equity Share capital

Name	Number of Equity Shares held	Number of Equity Shares held on a fully diluted basis*	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)*
Promoters			
Lone Furrow Investments Private Limited	8,689,900	17,071,990	15.28
Agilemed Investments Private Limited	7,042,270	15,649,495	14.00
Gangadi Madhukar Reddy	15,350,400	15,350,400	13.74
Total	**31,082,570**	**48,071,885**	**43.01**

**Assuming full conversion of the Preference Shares, and exercise of vested stock options. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert into Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. The specific number of Equity Shares that each class of Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC. For further details, see "Capital Structure – Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

(b) The aggregate pre-Offer shareholding of the Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

Name	Number of Equity Shares held	Number of Equity Shares held on a fully diluted basis*	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)*
Promoter Selling Shareholder			
Lone Furrow Investments Private Limited	8,689,900	17,071,990	15.28
Investor Selling Shareholder			
PI Opportunities Fund – I	239,995	2,48,22,635	22.21
Other Selling Shareholders			
S. S. Pharma LLC	45,135	1,850,535	1.66
Shore Pharma LLC	13,490	553,090	0.49
Natco Pharma Limited	11,005	451,205	0.40
Time Cap Pharma Labs Private Limited	10,990	450,590	0.40
A. Raghava Reddy	6,550	268,550	0.24
Ajay Kumar Bannai	4,040	165,640	0.15
K Prakurthi	2,590	106,190	0.10
Sangeeta Raju	1,970	80,770	0.07
Suneel Dhawan	1,890	77,490	0.07
Navdeep Patyal	945	38,745	0.03
Ashok Mayya	945	38,745	0.03
R Venkat Reddy	730	29,930	0.03
TK Kurien	620	25,420	0.02
Nithya Venkataramani	565	23,165	0.02
Atul Gupta	565	23,165	0.02
Manoj Jaiswal	565	23,165	0.02
Rahul Garg	565	23,165	0.02
Kollengode Ramanathan Lakshminarayana	225	9,225	0.01
Bijou Kurien	225	9,225	0.01
Total	**9,033,505**	**46,142,635**	**41.29**

**Assuming conversion of the Preference Shares, and exercise of vested stock options. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert into Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. The specific number of Equity Shares that each class of Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC. For further details, see "Capital Structure – Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

Summary of Selected Financial Information

The details of our equity share capital, net worth, revenue, profit after tax, earnings per Equity share, net asset value per equity share and total borrowings as at March 31, 2021, 2020 and 2019 derived from the Restated Consolidated Financial Information are as follows:

(₹ in million, except per share data)

Particulars	As at March 31,		
	2021	**2020**	**2019**
(A) Equity share capital	4.48	1.94	1.94
(B) Net worth*	7,305.53	5,278.02	2,913.37
(C) Revenue from operations	30,692.69	28,706.03	22,727.37
(D) Profit for the year	631.11	17.94	119.22
(E) Earnings per equity share	30.64	1.05	5.76
(F) Net asset value per share (Basic)	350.56	254.51	140.69

(G) Borrowings	1,352.35	1,050.51	1,044.02

** Total equity attributable to owner of the Company is equal to Net worth*

Auditor's qualifications which have not been given effect to in the Restated Consolidated Financial Information

Our Statutory Auditors have not included any qualifications in the audit report that have not been given effect to in the Restated Consolidated Financial Information.

Summary table of outstanding litigations

A summary of outstanding litigation proceedings as disclosed in "*Outstanding Litigation and Material Developments*" on page 277, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to a resolution dated August 3, 2021, as of the date of this Draft Red Herring Prospectus is provided below:

(in ₹ million)

Nature of cases	Number of cases	Total amount involved^
Litigation involving our Company		
Against our Company		
Material civil litigation proceedings*	Nil	Nil
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	1	Not quantifiable
Tax proceedings	Nil	Nil
By our Company		
Material civil cases	Nil	Nil
Criminal cases	Nil	Nil
Litigation involving our Subsidiaries		
Against our Subsidiaries		
Material civil litigation proceedings*	Nil	Nil
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	13	Not quantifiable
Tax proceedings	12	314.33
By our Subsidiaries		
Material civil cases	1	39.53
Criminal cases	Nil	Nil
Litigation involving our Directors		
Criminal cases	Nil	Nil
Material civil cases	Nil	Nil
Action taken by statutory and regulatory authorities	3	Not quantifiable
Litigation involving our Promoters		
Criminal cases	Nil	Nil
Material civil cases	Nil	Nil
Action taken by statutory and regulatory authorities	3	Not quantifiable

^To the extent ascertainable

** One consumer complaint has been filed against our Company, and six consumer complaints have been filed against our Subsidiary, Optival, all of which are below the materiality threshold.*

Our Group Company is not party to any pending litigation which will have a material impact on our Company.

For further details, see "*Outstanding Litigation and Material Developments*" on page 277.

Risk Factors

For details of the risks applicable to us, see "*Risk Factors*" on page 25.

Summary table of contingent liabilities

The following is a summary table of our contingent liabilities as at March 31, 2021 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

(₹ in million)

Particulars	As at March 31, 2021
Claims against the group not acknowledged as debt – Income tax	111.78
Claims against the group not acknowledged as debt - Value added tax	8.26

For further details of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, see "*Financial Statements – Annexure VII – Note 41 (B)*: *Contingent Liabilities"* on page 241.

Summary of related party transactions

The details of related party transactions of our Company for the fiscal years ended March 31, 2021, 2020 and 2019, as per Ind AS 24 – Related Party Disclosures as per Restated Consolidated Financial information are set forth in the table below:

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Transactions with Hinshitsu Manufacturing Private Limited:			
a) Purchase of fixed assets	101.36	69.67	69.85
b) Rental income	1.01	1.40	1.22
c) Purchase of traded goods	28.74	14.01	-
d) Rental Expenses	-	0.41	0.06
e) Reimbursement of expenses to	0.35	0.72	1.33
f) Reimbursement of expenses by	-	0.10	-
g) Security deposit refund received	-	0.35	-
Transactions with Gangadi Madhukar Reddy:			
a) Managerial remuneration	4.00	4.00	4.00
b) Rent	2.84	2.75	2.49
c) Repayment of advance	-	-	0.03
d) Bonus issue – Equity shares and CCPS	**-**	**-**	**-**
Transactions with Cherukupalli Bhaskar Reddy:	-		
a) Managerial remuneration	7.78	7.31	6.70
b) Share based payments	91.01	-	4.90
Transactions with Hemanth Kundavaram			
a) Managerial remuneration - Short-term employee benefits	2.12	-	-
Transactions with Parag Jain			
a) Managerial remuneration - Short-term employee benefits	1.24	1.14	1.08
Transactions with Agilemed Investments Private Limited			
a) Bonus issue – CCPS	-	-	**-**
Transactions with Lone Furrow Investments Private Limited			
a) Bonus issue – CCPS	**-**	**-**	**-**

For details of the related party transactions and details of transactions between our Company and our Subsidiaries, including transactions between our Subsidiaries inter-se, see "*Financial Statements – Annexure VII – Note 43: - Notes to Restated Consolidated Financial Information – Related Party Disclosures*" on page 242.

Details of all financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date

Our Promoters, members of our Promoter Group, our Directors and their relatives have not financed the purchase by any person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

of this Draft Red Herring Prospectus

Weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholders, in the last one year

The weighted average price at which the specified securities were acquired by our Promoters and Selling Shareholders, in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name of the Promoter	Number of Equity Shares^	Weighted average price of acquisition per Equity Share*@ (in ₹)
Gangadi Madhukar Reddy	15,244,570	37.65
Lone Furrow Investments Private Limited#	8,689,900	345.23
Agilemed Investments Private limited	7,042,270	390.50
Selling Shareholders		
PI Opportunities Fund – I	133,330	N.A.
S. S. Pharma	25,075	N.A.
Shore Pharma LLC	7,495	N.A.
Natco Pharma Limited	6,115	N.A.
Time Cap Pharma Labs Private Limited	6,105	N.A.
A. Raghava Reddy	3,640	N.A.
Ajay Kumar Bannai	2,245	N.A.
Ms. K Prakurthi	1,440	N.A.
Sangeeta Raju	1,095	N.A.
Suneel Dhawan	1,050	N.A.
Navdeep Patyal	525	N.A.
Ashok Mayya	525	N.A.
R. Venkat Reddy	405	N.A.
TK Kurien	345	N.A.
Nithya Venkataramani	315	N.A.
Atul Gupta	315	N.A.
Rahul Garg	315	N.A.
Manoj Jaiswal	315	N.A.
Kollengode Ramanathan Lakshminarayana	125	N.A.
Bijou Kurien	125	N.A.

#Lone Furrow is also the Promoter Selling Shareholder
^ As of the date of filing the Draft Red Herring Prospectus and after considering the sub-division of each equity share of ₹10 each into Equity Shares of ₹2 each.
**As certified by GPHK & ASSOCIATES, Chartered Accountants, by way of certificate dated August 16, 2021*
@ All the above Equity Shareholders have received bonus shares in the ratio of 1:1.25 on January 22, 2021 and hence the weighted average price for such issuance is not applicable.

All the above Equity Shareholders except Gangadi Madhukar Reddy also hold preference shares. However, for the purpose of above table only Equity shares have been considered.

Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholder

The average cost of acquisition of our Promoters and the Selling Shareholders is as follows:

Name	Number of Equity Shares^	Average cost of acquisition per Equity Share* (in ₹)
Promoters		
Gangadi Madhukar Reddy	15,350,400	0.55
Lone Furrow Investments Private Limited#	8,689,900	345.23
Agilemed Investments Private limited	7,042,270	390.50
Selling Shareholders		
PI Opportunities Fund – I	2,39,995	6,819.23
S. S. Pharma	45,135	6,823.56
Shore Pharma LLC	13,490	6,822.92
Natco Pharma Limited	11,005	6,822.01
Time Cap Pharma Labs Private Limited	10,990	6,824.33
A. Raghava Reddy	6,550	3,870.73
Ajay Kumar Bannai	4,040	0.89
K Prakurthi	2,590	3,868.47
Sangeeta Raju	1,970	3,869.75
Suneel Dhawan	1,890	0.89
Navdeep Patyal	945	0.89
Ashok Mayya	945	0.89
R. Venkat Reddy	730	0.89
TK Kurien	620	6,809.80
Nithya Venkataramani	565	6,793.36
Atul Gupta	565	6,793.36
Rahul Garg	565	6,793.36

<table>
<tr><td></td><td>
<table>
<tr><td>Manoj Jaiswal</td><td>565</td><td>6,793.36</td></tr>
<tr><td>Kollengode Ramanathan Lakshminarayana</td><td>225</td><td>6,823.56</td></tr>
<tr><td>Bijou Kurien</td><td>225</td><td>6,823.56</td></tr>
</table>
#Lone Furrow is also the Promoter Selling Shareholder
^ As of the date of filing the Draft Red Herring Prospectus.
*As certified by GPHK & ASSOCIATES, Chartered Accountants, by way of certificate dated August 16, 2021

All the above Equity Shareholders except Gangadi Madhukar Reddy also hold preference shares. However, for the purpose of above table only Equity Shares have been considered.
</td></tr>
<tr><td>Details of the pre-IPO placement</td><td>Not applicable</td></tr>
<tr><td>Any issuance of Equity Shares in the last one year for consideration other than cash or bonus issue</td><td>Except for the bonus allotment made on January 22, 2021, our Company has not issued any Equity Shares for consideration other than cash or bonus issue in the one year preceding the date of this Draft Red Herring Prospectus. For further details, see “Capital Structure” on page 66.</td></tr>
<tr><td>Any split/consolidation of Equity Shares in the last one year</td><td>Our Company has, pursuant to a Board resolution dated July 5, 2021 and Shareholders resolution dated July 9, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹2 each</td></tr>
</table>

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable. All references to the "U.S.", "USA" or the "United States" are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Unless stated otherwise, all references in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year unless stated otherwise, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in this Draft Red Herring Prospectus are to a calendar year.

Unless stated otherwise or where the context otherwise requires, the financial data in this Draft Red Herring Prospectus is derived from the Restated Consolidated Financial Information.

The restated consolidated financial information of our Company, along with our Subsidiaries, comprising of the restated consolidated balance sheet as at March 31, 2021, March 31, 2020 and March 31, 2019, and the restated consolidated statement of profit and loss (including other comprehensive income), and restated consolidated statement of cash flows and restated consolidated statement of changes in equity for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with its notes, annexures and schedules are derived from our audited consolidated financial statements as at and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI.

For further information, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 179 and 258, respectively.

There are significant differences between the Ind AS, the International Financial Reporting Standards (the "**IFRS**") and the Generally Accepted Accounting Principles in the United States of America (the "**U.S. GAAP**"). Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify or identify the impact of the differences between the financial data (prepared under Ind AS and IFRS/U.S. GAAP), nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data included in this Draft Red Herring Prospectus.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Unless the context otherwise indicates, any percentage amounts, or ratios as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 119 and 258, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Consolidated Financial Information.

Non-GAAP Financial Measures

Certain non-GAAP measures relating to our financial performance, such as, EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin ("**Non-GAAP Measures**") and certain other industry metrics relating to our operations and financial performance, such as Operating EBITDA, Store Level Operating EBITDA, Store Level Operating EBITDA for Mature Stores, Store Level Operating EBITDA for others, Operating EBITDA Margin, Store Level Operating EBITDA Margin, Store Level Operating EBITDA Margin for Mature Stores, Store Level Operating EBITDA Margin for others, Operating ROCE, Capital Employed and Operating EBIT, revenue per store, Operating EBITDA per store, payback period, store numbers state wise and region wise, branded vs. non-branded sales mix, product mix, market share, Store Level Operating ROCE for Mature Stores presented in this Draft Red Herring Prospectus are a supplemental measure of our performance that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. For further details see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 258 and "*Other Financial Information*" on page 256.

The reconciliation to EBITDA, Adjusted EBITDA, Operating EBITDA, Store Level Operating EBITDA, Store Level Operating EBITDA for Mature Stores, Store Level Operating EBITDA for others, EBITDA Margin, Adjusted EBITDA Margin, Operating EBITDA Margin, Store Level Operating EBITDA Margin, Store Level Operating EBITDA Margin for Mature Stores, Store Level Operating EBITDA Margin for others, and Operating EBIT is as follows:

(All amounts are in ₹ in millions, except as otherwise stated)

Particulars	**As at and for the year ended March 31, 2021**	**As at and for the year ended March 31, 2020**	**As at and for the year ended March 31, 2019**
Profit for the year (A)	631.11	17.94	119.22
Add: Total tax expenses (B)	319.87	275.65	108.29
Add: Depreciation and amortisation expense (C)	882.70	748.07	585.93
Add: Finance costs (D)	548.45	467.96	500.03
EBITDA (E = A + B + C + D)	**2,382.13**	**1,509.62**	**1,313.47**
Revenue from operations (F)	30,692.69	28,706.03	22,727.37
EBITDA Margin (G = E/F)	**7.76%**	**5.26%**	**5.78%**
EBITDA (E)	2,382.13	1,509.62	1,313.47
Add: Employees stock option compensation expense (H)	399.60	0.76	26.47
Add: Net loss on fair value changes (I)	-	322.97	-
Less: Interest income on bank deposits (J)	(36.08)	(52.76)	(15.33)
Less: Interest income on others (K)	(41.86)	(33.18)	(20.27)
Adjusted EBITDA (L = E + H + I - J - K)	**2,703.79**	**1,747.41**	**1,304.34**
Adjusted EBITDA Margin (M= L/F)	**8.81%**	**6.09%**	**5.74%**
Adjusted EBITDA (L)	2,703.79	1,747.41	1,304.34
Less: Rental expenses (N)	(953.15)	(756.01)	(647.09)
Operating EBITDA (O = L – N)	**1,750.64**	**991.40**	**657.25**
Operating EBITDA Margin (P = O/F)	**5.70%**	**3.45%**	**2.89%**
Operating EBITDA (O)	1,750.64	991.40	657.25
Add: Corporate Level Expenses (Q)	1,348.79	1,335.75	1,253.42
Store Level Operating EBITDA (R = O + Q)	**3,099.43**	**2,327.15**	**1,910.66**
Store Level Operating EBITDA Margin (S = R/F)	**10.10%**	**8.11%**	**8.41%**
Store Level Operating EBITDA (R)	3,099.43	2,327.15	1,910.66
Store Level Operating EBITDA for Mature Stores (T)	**2,153.32**	**1,696.77**	**1,423.61**
Store Level Operating EBITDA for others (U = R - T)	**946.19**	**630.38**	**487.05**
Revenue from Operations (F)	30,692.69	28,706.03	22,727.37
Revenue from Mature Stores (V)	**19,527.13**	**19,655.58**	**15,877.79**
Revenue from others (W = F - V)	**11,165.56**	**9,050.45**	**6,849.58**
Store Level Operating EBITDA Margin for Mature Stores (X = T/V)	**11.03%**	**8.63%**	**8.97%**
Store Level Operating EBITDA Margin for others (Y = U/W)	**8.47%**	**6.97%**	**7.11%**

(i) EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortization expenses and finance costs while EBITDA Margin is the percentage of EBITDA divided by revenue from operations. EBITDA is computed without reducing Amortization of right of use assets and interest on lease liability amounting to ₹ 1,173.81, ₹ 991.58, ₹ 785.09 for the financial year ended 31 March 2021, 2020 and 2019 respectively

(ii) Adjusted EBITDA is calculated as EBITDA plus Employees stock option compensation expenses and Net loss on fair value changes, minus interest income. Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by revenue from operations.

(iii) Operating EBITDA is calculated as Adjusted EBITDA minus Rental expenses. Rental expenses represents actual rental expenses incurred by the Company in the respective years without giving effect of Ind AS 116. Upon adoption of IND AS 116 by the Company rental expenses under other expenses are now recognized as finance costs amounting to ₹ 465.34, ₹ 402.24, ₹ 338.76 for the financial year ended 31 March 2021, 2020 and 2019 respectively and depreciation and amortization expenses amounting to ₹ 708.47, Rs 589.34, Rs 446.33 for the financial year ended 31 March 2021, 2020 and 2019

respectively. We believe this measure is better measure of the operating performance of our business given our large retail footprint involving rental expenses. Operating EBITDA Margin is the percentage of Operating EBITDA divided by revenue from operations.

(iv) *Store Level Operating EBITDA is calculated as Operating EBITDA plus corporate level expenses which includes 1) procurement, storing and distribution expense, marketing expenses and other corporate overheads. We believe this measure helps us highlight the operational efficiency of our store level performance. Store Level Operating EBITDA Margin is the percentage of Store Level Operating EBITDA divided by revenue from operations*

(v) *Store Level Operating EBITDA for Mature Stores is calculated by considering the Store Level Operating EBITDA that is earned from Mature Stores only. For Financial Year 2021, 2020 and 2019, Mature Stores are defined as stores that were opened by end of Financial Year 2017, 2016, and 2015 respectively. Store Level Operating EBITDA Margin for Mature Stores is the percentage of Store Level Operating EBITDA for Mature Stores divided by revenue from Mature Stores. Revenue from Mature Stores considers revenue generated by Mature stores as defined above. The Store Level Operating EBITDA for Mature Stores is an important measure for us as it shows us the operational performance at steady state for our stores.*

(vi) *Store Level Operating EBITDA for others is calculated as Store Level Operating EBITDA minus Store Level Operating EBITDA for Mature Stores. Store Level Operating EBITDA Margin for others is calculated as percentage of Store Level Operating EBITDA for others divided by revenue from others. Revenue from others is computed as revenue from operations minus Revenue from Mature Stores.*

(vii) *Operating ROCE is calculated as Operating EBIT divided by average capital employed. Operating EBIT is calculated as Operating EBITDA minus Depreciation and amortisation expense, plus amortisation of right of use assets. Capital employed is calculated as Total Equity attributable to the owners of the Company plus borrowing minus cash and cash equivalents and bank balances. Average capital employed is calculated as capital employed at the beginning of the year plus capital employed at the end of the year divided by 2.*

(viii) *Store Level Operating ROCE for Mature Stores is computed by dividing (Store Level Operating EBITDA for Mature Stores minus depreciation of capital expenditure incurred for these stores) by capital employed for Mature Stores. Capital employed for Mature Stores is computed as store level inventory for Mature Stores at the end of the year + capital expenditure incurred for Mature Stores + security deposit paid for these stores. Mature Stores are defined as stores that were opened by end of Financial Year 2017, 2016, and 2015 respectively.*

The calculation of Operating ROCE is as follows:

(All amounts are in ₹ in millions, except as otherwise stated)

Particulars	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019
Operating EBITDA (A)	1,750.64	991.40	
Less: Depreciation and amortisation expense (B)	(882.70)	(748.07)	
Add: Amortization of right of use assets (C)	708.47	589.34	
Operating EBIT (D = A - B + C)	1,576.41	832.67	
Equity attributable to the owners of the Company (E)	7,305.53	5,278.02	2,913.37
Borrowings (F)	1,352.35	1,050.51	1,044.02
Less: Cash and Cash Equivalents (G)	(1,068.16)	(1,139.16)	(250.83)
Less: Bank balances other than above (H)	(422.83)	(267.76)	(248.24)
Capital Employed (I = E + F - G - H)	7,166.89	4,921.61	3,458.32
Average Capital Employed (J = (Capital Employed at the beginning of the year + Capital Employed at the end of the year)/2)	6,044.25	4,189.96	
Operating ROCE (K = D/J)	**26.08%**	**19.87%**	

The above ratios have been computed on the basis of the Restated Consolidated Financial Statements of our Company for financial year ending March 31, 2021and March 31, 2020, and March 31, 2019.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million" and "crores" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other foreign currencies:

Currency	As at		
	March 31, 2021(1)	March 31, 2020(1)	March 31, 2019(1)
1 USD	73.50	75.39	69.17

Source: www.rbi.org.in and www.fbil.org.in

(1) If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained or derived from the report titled *'Pharmacy Retail in India'* dated August 12, 2021 prepared by Technopak which has been commissioned and paid for by our Company. For risks in this regard, see "*Risk Factors – We have commissioned, on June 10, 2021, and paid for an industry report from Technopak exclusively for industry related data in this Draft Red Herring Prospectus. Accordingly, prospective investors are advised not to place undue reliance on such information.*" on page 42.

The Technopak Report has been commissioned and paid for by our Company.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

The extent to which the market and industry data presented in this Draft Red Herring Prospectus is meaningful depends upon the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

The sections "*Offer Document Summary*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" of this Draft Red Herring Prospectus contain data and statistics from the report titled "Pharmacy Retail in India" prepared by Technopak dated August 12, 2021, and commissioned and paid by our Company specifically for the purposes of the Offer, which is subject to the following disclaimer:

- *"This information package is distributed by Technopak Advisors Private Limited (hereinafter "Technopak") on a strictly private and confidential and on 'need to know' basis exclusively to the intended recipient. This information package and the information and projections contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s). The person(s) who is/are in possession of this information package or may come in possession at a later day hereby undertake(s) to observe the restrictions contained herein.*

- *Only leading players are profiled and benchmarked for the purpose of the report and does not necessarily cover all types of players.*

- *The information contained herein is of a general nature and is not intended to address the facts and figures of any particular individual or entity. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for business decisions. No one should act upon such information without taking appropriate additional professional advice and/or thorough examination of the particular situation. This information package is distributed by Technopak upon the express understanding that no information herein contained has been independently verified. Further, no representation or warranty (expressed or implied) is made nor is any responsibility of any kind accepted with respect to the completeness or accuracy of any information as maybe contained herein. Also, no representation or warranty (expressed or implied) is made that such information remains unchanged in any respect as of any date or dates after those stated here in with respect to any matter concerning any statement made in this Information package. Technopak and its directors , employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or of any omissions from the information package and any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this information package and/or further communication in relation to this information package.*

- *All recipients of the information package should make their own independent evaluations and should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the information and obtain independent and specified advice from appropriate professional adviser, as they deem necessary.*

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 25. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "seek to", "shall", "objective", "plan", "project", "propose" "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our expected financial condition, results of operations, business, prospects, strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements whether made by us or any third parties in this Draft Red Herring Prospectus are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement, including but not limited to, regulatory changes pertaining to the retail industry and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions, in India and globally, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the retail industry, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- The extent to which COVID-19 may affect our business and operations in the future is uncertain and cannot be predicted;

- Changes in prescription drug pricing and commercial terms could adversely affect our operations and financial performance;

- Non-compliance with and changes in drug and dispensary laws and other applicable regulation, such as the issuance of show-cause notices;

- Outstanding legal proceedings involving our Company, Subsidiaries, Promoters and our Directors and any adverse outcome in any of these proceedings may adversely impact our business, reputation, financial condition and results of operations;

- Changes in our product mix may impact our results of operation;

- Failure to properly manage inventories and anticipate demand may impact our financial performance;

- Failure to meet customer expectations, needs and requirements may harm our brand and reputation, our ability to retain and grow our customer base and our operating results.

Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations* on pages 101, 119 and 258, respectively, of this Draft Red Herring Prospectus have been obtained from the report titled "*Pharmacy Retail in India*", dated August 12, 2021 prepared by Technopak, which has been commissioned and paid for by our Company.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 119 and 258, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Company, the Selling Shareholders, our Promoters, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company shall ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by them in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer. Further, each of the Selling Shareholders shall, severally and not jointly, ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholder in the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described below are not the only ones relevant to us or the Equity Shares and the industry in which we currently operate or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also occur and adversely impact our business, financial condition, results of operations, prospects and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, financial condition, results of operations and cash flows could suffer, the trading price of and the value of your investments in the Equity Shares could decline, and you may lose all or part of your investment.

To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 101, 119 and 258, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares. Prospective investors should also pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 23.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from our Restated Financial Information.

Unless otherwise indicated, the industry-related information contained in this section is derived from the Technopak Report. We commissioned such report for the purposes of confirming our understanding of the industry in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Technopak Report and included herein with respect to any particular year refers to such information for the relevant year.

INTERNAL RISKS

Risks Relating to our Business

1. The extent to which COVID-19 may affect our business and operations in the future is uncertain and cannot be predicted.

In late calendar year 2019, COVID-19, commonly known as "novel coronavirus" was first reported in Wuhan, China. Since then, the virus has progressively spread globally. During the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts downward in response to the economic slowdown caused by the spread of COVID-19.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, including in India, where our operations are based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a "notified disaster" for the purposes of the Disaster Management Act, 2005 and imposed a nationwide lockdown beginning on March 25, 2020. The lockdown lasted until May 31, 2020, and has been extended periodically by varying degrees by state governments and local administrations. The lifting of the lockdown across various regions has been regulated with limited and progressive relaxations being granted for the movement of goods and people, and calibrated re-opening of businesses and offices, in certain places. Recently, throughout March to June 2021, due to the second wave of COVID-19, several state governments in India re-imposed lockdowns, curfews and other restrictions to curb the spread of the virus. There was no significant impact to our operations as a result of the second wave of COVID-19, and only two of our campus stores (at the Microsoft and WIPRO campuses in Hyderabad) had to be closed down in April 2020. However, the detection of new strains and subsequent waves of COVID-19 infections in several states in India as well as throughout various parts of the world may result in further reinstatements of lockdown protocols or other restrictions, which may adversely affect our business operations. The COVID-19 pandemic has affected and may continue to affect our business, financial condition and results of operations in a number of ways, including, among others, the following:

- causing disruptions to our logistics operations and supply chains, such as our ability to procure inventory, disrupting the efficient operation of our warehouses, affecting our ability to make deliveries and fulfil orders in a timely manner;

- our ability to access debt and equity capital on acceptable terms, or at all, may be impaired. A further disruption and instability in the global financial markets or deterioration in credit and financing conditions or downgrade of our or India's credit rating may affect our access to capital and other sources of funding necessary to fund our operations or address maturing liabilities on a timely basis;

- uncertainty as to what conditions must be satisfied before government authorities fully remove the "stay-at-home" orders and when such orders would be fully removed;

- the potential negative impact on the health of our personnel, particularly if a significant number of them are afflicted by COVID-19, which could result in a deterioration in our ability to ensure business continuity during and/or after this disruption; and

- we may face increased risks emanating from an increase in number of individuals working from home such as issues relating to cyber-security threats and potential breaches, including phishing attacks, productivity, connectivity and oversight challenges.

Although we believe that at this time, the outbreak of COVID-19 will not have any significant adverse impact on our results from operations since we provide essential services, the ultimate extent of the impact of the COVID-19 pandemic on our business, financial condition, results of operations, cash flows and prospects will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the COVID-19 pandemic and actions taken to contain or prevent its further spread, among others. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section.

2. Changes in prescription drug pricing and commercial terms could adversely affect our operations and financial performance.

For each of the financial years 2019, 2020 and 2021, more than 75% of our revenue from retail sales was attributed to sales of branded pharmaceutical products, the manufacturing and sale of which is tightly regulated by various laws and regulations. Any changes to such legislation could have a material adverse impact on our business, sales and profitability.

Sales of prescription drugs, medical devices and drug prices may be affected by changes to the health care industry, including legislative or other changes that impact patient eligibility, drug product eligibility, the allowable cost of a prescription drug product, the mark-up or channel margin permitted on a given prescription drug product, the amount of professional or dispensing fees paid by third-party payers or the provision or receipt of manufacturer allowances by pharmacy and pharmacy suppliers. Moreover, the price at which we sell certain of our pharmaceutical products are determined by the Drugs (Prices Control) Order, 2013 ("**DPCO**"), promulgated by the Government of India and administered by the National Pharmaceutical Pricing Authority ("**NPPA**"). If a given pharmaceutical product falls within the DPCO, the product's price could be significantly lower than what its market price would be without such price restriction. Any changes to these prices stipulated by the DPCO, NPPA or other similar authorities, or the inclusion of other of our pharmaceutical products not currently within the DPCO, could adversely impact our sales and adversely impact our business, sales, margins and operations. We may incur significant costs in the course of complying with any other changes in the regulatory regime affecting prescription drugs, which may adversely affect our business, financial condition and results of operation.

3. Non-compliance with and changes in drug and dispensary laws and other applicable regulation may adversely impact our business, financial condition, results of operations and cash flows.

Our operations are subject to extensive regulation governing the drug and dispensary markets. We are required to comply with the regulatory requirements of various local, state, provincial and national regulatory authorities, such as, the state-level food and drug administrations, such as the Drugs Controller General of India and the Central Drugs Standard Control Organization of India. See "*–We conduct our business in a highly-regulated industry and environment. Our business is dependent on approvals from relevant regulatory and health authorities. Any delay or failure to obtain or renew such required regulatory approvals, registrations or any change in the regulatory environment in relation to marketing our products in regulated markets may significantly impact our business and strategy affecting our overall profitability, and may impose significant compliance burdens on us*" and "*Key Regulations and Policies*" on pages 31 and 133, respectively.

Our outlets may be subject to inspections, during which regulatory non-compliance may be discovered or alleged. In the past, we have received notices from various state drugs controllers in respect of certain non-compliances under, amongst others, the provisions of the Drugs and Cosmetics Act, 1940. For example, certain regulatory authorities have filed various complaints against Optival for alleged sales without the presence of a pharmacist, sales without prescriptions from any registered medical practitioner, sale of incorrect drugs, stock of certain products without valid purchase invoices, and discrepancies in the prescription register. While we have responded to such show-cause notices, we cannot assure you that we will be able to comply with the applicable regulations, or that no regulatory action will be taken against us. If such non-compliance on our part is found, the drug inspectors may issue a show-cause notice. These matters are currently pending at different stages of adjudication. For details of the show-cause notices received by us, see "*Outstanding Litigation and Material Developments*" on page 277. If the relevant authorities deem our reply to their show-cause notice unsatisfactory or inadequate, they may require us to suspend the operations of the relevant outlet for around two to five days, which would reduce our sales or prevent us from fulfilling our obligations to customers. For instance, in the past, we have had to suspend the operations of certain of our outlets for around two to five days due to non-compliance of certain provisions of the Drugs and Cosmetics Act, 1940. Alternatively, the relevant authorities may also file a complaint case against us. If we are found liable, we may be subject to fines, sanctions, termination of licenses or approval and reputational damage. We may continue to incur costs in complying with regulations, appealing any decision to suspend our outlets' operations, while having to continue incurring some or all of the operating costs during that period. We do not carry any insurance to cover such losses and expenses.

Further, pursuant to the Scheme of Amalgamation, the liabilities, obligations and legal proceedings, including notices received from various state drugs controller, pending as on April 1, 2016, were transferred to Optival on that date. For details, see "*Outstanding Litigation and Material Developments – Litigation involving our Subsidiaries – Litigation against our Subsidiaries – Actions Taken by Regulatory and Statutory Authorities*" on page 278. Any of our regulatory non-compliance may therefore adversely affect our business, financial condition, and results of operation.

4. **There are outstanding legal proceedings involving our Company, Subsidiaries, Promoters and our Directors. Any adverse outcome in any of these proceedings may adversely impact our business, reputation, financial condition and results of operations.**

Our Company, Subsidiaries, Promoters and Directors are involved in certain legal proceedings which are pending at different levels of adjudication before various courts and tribunals. For further information, see "*Outstanding Litigation and Material Developments*" on page 277.

The summary of outstanding litigation set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and material pending civil litigation involving our Company, Subsidiaries, Promoters and Directors.

Particulars	Number of cases	Amount* *(₹ in million)*
Litigation involving our Company		
Criminal proceedings	Nil	Nil
Material civil litigation*	Nil	Nil
Actions by statutory or regulatory authorities	1	Not quantifiable
Direct and indirect tax proceedings	Nil	Nil
Total	Nil	Nil
Litigation involving the Promoters		
Criminal proceedings	Nil	Nil
Material civil litigation	Nil	Nil
Actions by statutory or regulatory authorities	3	Not quantifiable
Disciplinary actions including penalty imposed by SEBI or the Stock Exchanges against the Promoters in the last five financial years	Nil	Nil
Direct and indirect tax proceedings	Nil	Nil
Total	3	Not quantifiable
Litigation involving our Subsidiaries		
Criminal proceedings	Nil	Nil
Material civil litigation*	1	39.53
Actions by statutory or regulatory authorities	13	Not quantifiable
Direct and indirect tax proceedings	12	314.33
Total	26	353.86 and Not quantifiable
Litigation involving the Directors		
Criminal proceedings	Nil	Nil
Material civil litigation	Nil	Nil
Actions by statutory or regulatory authorities	3	Not quantifiable
Direct and indirect tax proceedings	Nil	Nil
Total	3	Not quantifiable

** To the extent ascertainable.*

** One consumer complaint has been filed against our Company, and six consumer complaints have been filed against our Subsidiary, Optival, all of which are below the materiality threshold*

Involvement in such proceedings could divert our management's time and attention and consume financial resources. Furthermore, adverse orders could be an adverse impact on our business, results of operations and financial condition. We cannot assure you that these legal proceedings will be decided in our favour and that no further liability will arise out of these proceedings. An adverse outcome in any of these proceedings, either individually or in the aggregate, may affect our reputation, business operations, financial condition and results of operations.

5. **Changes in our product mix may impact our results of operation.**

A significant portion of our gross margin on drug sales is generally represented by the mark-up charge on drugs dispensed as well as the related prescription mix. The mix and volume of drugs that we sell are determined by a number of factors, including the mix of patients, mix of pharmaceutical drugs we routinely stock, seasonal changes in pharmaceutical and FMCG products and sale of private label products. Changes in the mix of any of these categories could impact our sales and results of operations. Moreover, any modification or withdrawal of essential pharmaceutical products by manufacturers, or an increase in safety risk profiles of specific drugs or classes of drugs resulting in decreased usage, may cause physicians to reduce or stop writing prescriptions for these drugs. Negative media reports or other reputational issues regarding drugs could result in reduced consumer demand for such drugs. In cases where there are no acceptable prescription drug equivalents or alternatives for these prescription drugs, our prescription volumes, sales and profitability could decline.

The pharmaceutical industry's pipeline of new drugs includes many drugs that may, over the long term, replace older, more expensive therapies, whether due to the replacement of brand name drugs with cheaper alternate generic substitutes, the development of other replacement therapies and new and less expensive delivery methods (such as when an infusion or injectable drug is replaced with an oral drug) or the addition of products to a therapeutic class. As new treatments and drugs are developed, price competition among products may increase and drug costs may decline. The mix of our dispensed drugs could change over time as technology advances and existing products are improved or become obsolete, and these changes may adversely affect our sales, results of operations and financial condition.

6. **Failure to properly manage inventories and anticipate demand may impact our financial performance.**

Although we have a proprietary inventory management system in place to manage our inventory and distribution on a dynamic basis, as with other pharmacy retail businesses, we are subject to risks associated with consumer demand and changes in medical prescriptions. A failure to properly manage our inventory and effectively anticipate demand may result in us holding unsold inventory. We are also exposed to inventory risk in connection with our products, such as our FMCG and private label products, as a result of changes in product life cycles, changing consumer preferences, uncertainty of product developments and launches, manufacturer back orders and other vendor-related problems, as well as the volatile economic environment in India. We cannot assure you that we can accurately predict these trends and events and avoid over-stocking or under-stocking of products. Furthermore, demand for products could change significantly between the time when the products are ordered and the time when they are ready for delivery. When we begin to sell a new product, it is particularly difficult to forecast product demand accurately. As our pharmaceutical distribution and pharmacy retail businesses carry an extensive range of products and maintain significant inventory levels for a substantial portion of our merchandise, we may be unable to sell such inventory in sufficient quantities or during the relevant sales seasons. As a result, we may need to return our unsold inventory to the manufacturers and if so, may also suffer losses due to damage of inventory in transit. Net write-downs of our inventories to their net realizable value totalled ₹ 117.02 million in financial year 2021. As for all branded FMCG and private label products sold by us, we may be unable to return unsold inventory to the manufacturers, and may suffer significant inventory write-downs, product expirations, increases in inventory holding costs, and potential negative effects on our liquidity.

Conversely, if we underestimate customer demand or if our suppliers fail to provide products to us in a timely manner, we may experience inventory shortages, which may, in turn, result in a delay in servicing consumer orders, which could have a negative impact on our customer relationships. In addition, the specific product mix required varies by region, and we cannot assure you that we will be able to maintain adequate inventory levels across our stores. Any such failure may adversely affect our business, financial condition and results of operations.

7. **Failure to meet customer expectations, needs and requirements may harm our brand and reputation, our ability to retain and grow our customer base and our operating results.**

The success of our pharmacy retail business depends on, among other things, its ability to fulfil the requirements of our customers, deliver a superior and more convenient shopping experience, provide engaging customer service and offer a quality assortment of merchandise which our customers need and which differentiates us from other retailers.

We seek to provide convenience to our customers through our omni-channel platform, with both online and offline channels. We maintain a wide product mix, which includes products that depend on recent inventions and developments in the pharmaceutical manufacturing industry. We market and sell these products based on recent prescription trends in the market. However, it is difficult to consistently and successfully predict which products doctors may prescribe and the products and services our customers may require from us. We have recently introduced a wide range of private label products so as to distinguish ourselves from our competitors and offer our customers a variety of products based on their purchasing power and spending capacity. Any failure or inability to timely identify or effectively respond to changing preferences in the medical industry, spending patterns of our customers, evolving demographic mixes in markets or obtain and offer particular categories of products could adversely affect our relationships with customers and clients, as well as the demand for our products and services. This could also result in us holding an excess inventory of unsold products, which could adversely affect our operating results.

8. We may be subject to information technology systems impairment and cyber-attacks in the future.

Our business operations are supported by an integrated information technology infrastructure, including operating an omni-channel platform which allows our customers to shop from our physical stores as well as place orders online. In addition to our physical stores, we offer 'click and pick' services and home delivery and all online orders can either be picked up in person from one of our stores, or be delivered directly to the consumer's home. If our point of sale systems is disrupted or suspended, due to technological issues or otherwise, our sales will be reduced, affecting our revenues and margins. Our warehousing and logistics chain utilise automated systems and require timely maintenance including the upgradation and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

Our financial, accounting or other data processing systems may sometimes fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services, particularly in the rural areas in which we operate. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand and remain competitive. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our information technology systems and networks. Our information technology systems, software, including software licensed from vendors, and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, for which we could potentially be liable. Any failure to effectively maintain or improve or upgrade our information technology and management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations.

We are responsible for protecting the personal, sensitive information about our patients collected and stored by us from privacy breaches. However, a privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. In addition, the loss of our customers' data, malicious or accidental, could disrupt the data analytics we rely on in our operations. Any of such events would have a material adverse effect on our business, financial condition and results of operations.

Cybersecurity breaches or unauthorized access to confidential information could lead to the loss of the information, time-consuming and expensive litigation and negative publicity. We may not have the resources or technical sophistication to anticipate, prevent or mitigate such cyberattacks because of their rapidly-evolving nature. Although we have not experienced any material losses to date relating to cyber-attacks or other information security breaches, we cannot assure you that we will not incur such losses in the future. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

9. Our use and disclosure of personally identifiable information, including personal health information, is subject to privacy and security regulations.

There are laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Information Technology Act, 2000 (the "**IT Act**") protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. As part of our service, we retain digital health records provided by our customers through a secure data management software developed by us.

With the proposed enactment of the Personal Data Protection Bill, 2019 ("**PDP Bill**"), and the ongoing regulatory discussions along proposed Indian regulation to govern non-personal data, the privacy and data protection laws are set to be closely administered in India, and we may become subject to additional potential compliance requirements. The PDP Bill proposes a legal framework governing the processing of personal data, where such data has been collected, disclosed, shared or otherwise processed within India, as well as any processing of personal data by the Government of India, Indian companies, Indian citizens or any person or body of persons incorporated or created under Indian law. The PDP Bill defines personal data and sensitive personal data, prescribes rules for collecting, storing and processing of such data and creates rights and obligations of data-subjects and processors. The Indian Government has also been mooting a legislation governing non-personal data. In September 2019, the Ministry of Electronics and Information Technology formed a committee of experts ("**NPD Committee**") to recommend a regulatory regime to govern non-personal data ("**NPD**"). The

NPD Committee has released two reports till date, which recommend, among other items, a framework to govern NPD (defined as any data other than personal data), access and sharing of NPD with government and corporations alike and a registration regime and for "data businesses", being business that collect, process or store data, both personal and non-personal. As part of our operations, we are also required to comply with the IT Act and the rules thereof, which provides for civil and criminal liability including compensation to persons affected, penalties and imprisonment for various cyber related offenses, including unauthorized disclosure of confidential information and failure to protect sensitive personal data. India has already implemented certain privacy laws, including the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 and the recently introduced Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, which impose limitations and restrictions on the collection, use, disclosure and transfer of personal information and restrictions on the collection, use, disclosure and transfer of personal information.

If we were to be found to be in violation of the privacy or security rules under the IT Act or any such other laws protecting the confidentiality of patient health information, we could be subject to sanctions or criminal penalties, or otherwise be the subject to litigation (including a class action) for breach of privacy or failing to ensure the security of confidential consumer information. In addition, new laws, regulations or policies relating to personal data privacy may be enacted in the future. We may be required to modify our business in the future in order to continue complying with such laws. If we fail to do so, we may be exposed to sanctions, penalties, litigation or losses. The occurrence of any of these could increase our liabilities, harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

10. We are subject to risks associated with expansion into new markets.

Our expansion into emerging markets within India subjects us to various challenges, including those relating to identifying relevant retail space, hiring adequate staffing and manpower, managing our operations and penetrating our brand in such regions. Such risks may be higher than expected, and we may face significant competition in such emerging markets.

By expanding into new markets, we could be subject to additional risks and uncertainties associated with:

- establishing and conducting operations;
- compliance with a wide range of local laws, regulations and practices:
- changes in laws, regulations and practices and their interpretation;
- changes in local preferences and service requirements;
- stringent as well as differing local labour and other regulations;
- differing state customs, tariffs and taxes;
- exposure to expropriation or other state government actions;
- the growth in size or scope of our business, expansion of our footprint in existing regions in which we operate and entry into new markets; and
- political, economic and social instability.

If any of these risks materialise, it could have a material adverse effect on our business, cash flows, results of operations and prospects. In the past, we have previously commenced operations in Kerala but ceased operations shortly thereafter as a result of the unfavourable prevailing regulatory climate, such as a prohibition on operating a chain of pharmaceutical stores, such as ours, in Kerala. We cannot assure you that any future expansions by us into new markets will be successful, or that we will be able to expand at the same rates as we have, historically.

11. We may face product liability, product recall or personal injury issues which could damage our reputation and have a significant adverse effect on our business, operating results, cash flows and/or financial condition.

Pharmacy retail businesses could be adversely impacted by the supply of defective or expired products, including the infiltration of counterfeit products into the supply chain, product tampering, product recalls or product mishandling issues. In addition to prescriptions issued by medical practitioners, pharmacists may also be requested by customers to offer counselling on medication, dosage, delivery systems, common side effects and other such information. Pharmacists may also have a duty to warn customers regarding any potential negative effects of a prescription drug if the warning could reduce or negate these effects. However, if the concerned pharmacist fails to provide such counselling requested by customers or warnings of how such drugs may cause adverse side effects to the customer, it may render us liable to incur costs related to liability claims. Product liability or personal injury claims may be asserted with respect to any of the drugs or other products or services we sell or provide. For instance, in the past, consumers have filed complaints against Optival, in relation to, *inter alia*, claims of alleged extra charges, deficiency of services and sale of expired products. While the damages claimed in these matters have typically not been of a material nature, the occurrence of such events or incidents, as well as the failure to maintain quality standards at store level, could result in harm to customers negative publicity or could adversely affect brands, reputation, operations or financial performance and could lead to other unforeseen liabilities from legal claims or otherwise. See "*Outstanding Litigation and Material Developments*" on page 277.

We may not be able to avoid significant liability exposure even if we take appropriate precautions, including maintaining liability coverage (subject to deductibles and maximum pay-outs). Any liability that we may have as a result could have a material adverse effect on our business, financial condition and results of operations, to the extent insurance coverage for such liability is not available. Any liability claims in the future, regardless of their ultimate outcome, could have a material adverse effect on our reputation, our ability to attract and retain customers and may detrimentally divert management's attention away from the business.

12. We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.

Certain employee misconduct or material human errors, such as mistakenly dispensing expired or incorrect drugs or accidentally dispensing drugs without verifying prescriptions, could occur, which may expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

13. We rely on third-party manufacturers for the supply of our products, and a failure by manufacturers to meet high product quality standards may adversely affect our business.

Almost all our inventories sourced by us are manufactured by third-party manufacturers, including our private label products which are manufactured for us by third-party manufacturers on a contract-manufacturing basis. As a result, we are dependent on third-party manufacturers for the timely supply of all our inventories, including general pharmaceutical and FMCG products. From time to time, and especially during periods of intense demand or supply chain disruptions, our suppliers may find it necessary to allocate a supply of particular products amongst retailers such as us. Such allocations of supply have not in the past proven to be a significant impediment in the conduct of our business. However, any decline in the quality of products manufactured or a delay in delivery of products, or a rise in job work charges may adversely affect our operations. Any withdrawal of services from such manufacturers may adversely affect our result of operations and future prospects. Although we have put in place strict quality control measures for all private label products manufactured for us on a contract basis, we cannot assure that our private label products will always be able to satisfy our customers' quality standards. Any failure by the manufacturers to maintain high quality standards may affect adversely our business and any resulting negative publicity regarding our business or our private label products, including those arising from any deterioration in quality of our products supplied to us by vendors, or any other unforeseen events could adversely affect our reputation, our operations and our results from operations.

14. We may face disruptions in our product supply chain which could adversely impact our reputation and have a significant adverse effect on our business, operating results, cash flows and/or financial condition.

Our products are sourced from a wide variety of domestic and international vendors, and any future disruption in supply chain or inability to find qualified vendors and access products that meet requisite quality and safety standards in a timely and efficient manner could adversely impact the needs of our customers. We do not have exclusivity arrangements or long-term contracts with our current vendors. An ineffective selection of service providers (including transport carriers or logistics service providers and operators of distribution facilities), contractual terms or relationship management could impact our ability to source products, to have products available for customers, or to operate efficiently and effectively. We utilise the services of multiple logistics providers. However, a disruption of service from any one logistics provider or the loss or disruption of supply arrangements for any reason, including for issues such as the COVID-19 pandemic or other health epidemics or pandemics, labour disputes, inability to procure inventory, quality control issues, ethical sourcing issues, a supplier's financial distress, natural disasters, civil unrest or acts of war or terrorism, trade sanctions or other external factors, could interrupt product supply. A disruption in business operations could also occur as a result of a contamination of products at our warehouses or during transportation, a failure to maintain necessary shipment and storage conditions, errors in processing within our omni-channel platform, labour disruptions or other unanticipated disruptions, among other factors. For more information, see *"– Internal Risk Factors – The extent to which COVID-19 may affect our business and operations in the future is uncertain and cannot be predicted"* on page 25.

15. We conduct our business in a highly-regulated industry and environment. Our business is dependent on approvals from relevant regulatory and health authorities. Any delay or failure to obtain or renew such required regulatory approvals, registrations or any change in the regulatory environment in relation to marketing our products in regulated markets may significantly impact our business and strategy affecting our overall profitability, and may

impose significant compliance burdens on us.

We operate in a highly-regulated industry, and are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business, and are subject to various governmental regulations and licensing requirements in India. For instance, these include licenses to sell, stock, exhibit or offer for sale drugs under the Drugs and Cosmetics Act, 1940, trade and labour licences and shop and establishment permits that we require to operate our stores, central licenses under the Food Safety and Standards Act, 2006, licenses under the Bio-medical Waste Management Rules, 2016 and environmental licenses. In addition, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek new approvals, licenses, registrations and permits from time to time, as and when required in the ordinary course of our business. For details, see "*Government and Other Approvals*" on page 285. For instance, we have made applications for renewal of licenses and registrations under the Drugs and Cosmetics Act, 1940, and the Food Safety and Standards Act, 2006, and for shops and establishments registrations and trade licenses for certain stores. Further, certain of our approvals may have expired in the ordinary course of business and in respect of which we have not made renewal applications, such as registrations to undertake retail food business under the FSSA in respect of certain stores, and registration under state shops and establishments act in respect of certain stores. We have not applied for certain licenses and registrations which are required to be obtained, such as, registration to undertake retail food business under FSSA in respect of certain stores, and have not applied for registrations under the state shops and establishments act or municipal corporation acts for shops and establishments registration and trade licenses, respectively, in respect of certain stores. If we fail to obtain, renew or maintain the required permits, licences or approvals, including those set out above, we could be subjected to penalties by the relevant regulatory authorities, which may result in the interruption of our operations or delay or prevent our expansion plans and may adversely affect our business, financial condition, results of operations and cash flows. For instance, in the past, criminal and regulatory proceedings have been initiated by drug control departments of various states against Optival, one of our Subsidiaries for alleged violation of certain provisions of the Drugs and Cosmetics Act, 1940 and the relevant DCA and the Drug Rules. For details, see "*Outstanding Litigation and Material Developments*" on page 277.

Further, non-compliance with any existing or proposed laws or regulations such as The Drugs and Cosmetics Act, 1940, The Drugs and Cosmetics Rules, 1945, Food Safety and Standards Act, 2006 read with the relevant rules, Bio-Medical Waste Management Rules, 2016, Medical Devices Rules, 2017, Legal Metrology Act, 2009 read with the relevant rules, Factories Act, 1948 read with the relevant rules, Water (Prevention and Control of Pollution) Act, 1974 read with the relevant rules, Air (Prevention and Control of Pollution) Act, 1981 read with the relevant rules, the shops and establishment statutes for various states, particularly those that provide for the licensing, conduct, regulation, ownership, advertising and operation of pharmacies, the advertising of pharmacies and prescription services, the provision of information concerning prescription drugs, the distribution, pricing and sale of prescription drugs and privacy matters could result in civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures any of which may impact our results of operations or financial position.

In addition, any changes to laws, regulations and policies of the central and state governmental authorities affecting our activities, or the interpretation of such laws or regulations, including delisting of services or changes to licensing requirements relating to healthcare services, or their interpretation or application, could have a material adverse effect on our business performance, financial condition, results of operations and prospects and we could incur significant costs in the course of complying with any changes in the regulatory regime.

Further, pursuant to conversion into a public limited company, the name of our Company has been changed from "MedPlus Health Services Private Limited" to "MedPlus Health Services Limited", subsequent to which we are in the process of changing the name in some our registrations and statutory approvals which are in our previous name. Any delay or failure to do so could have an adverse effect on our business and results of operations.

16. **Most of our store premises and some of our vehicles are leased by us, and any termination, non-renewal or failure to enforce, register or adequately stamp our lease agreements in connection with these premises could adversely affect our operations.**

Most of our stores are held by us on a leasehold basis. The term of such lease arrangements ranges from one to 15 years. Upon the expiry or termination of such leases, we will be required to vacate the premises, unless the leases are renewed. Some of our stores have been operating after the expiry of their leases and that the necessary procedures for renewal have not been undertaken as of yet, and are thus exposed to the risk of eviction and losses on short notice. All of our hospital stores operate under revenue sharing agreements entered into with hospitals and are not held on a leasehold basis. The term of such agreements ranges from one to ten years. Certain of our hospital stores have been operating notwithstanding the expiry of their pharmacy operating agreements and that the procedure for renewal of such agreements has yet to be undertaken. If our lease agreements or revenue sharing agreements expire and are not renewed by us within the time stipulated under any such agreement, we will be required to vacate such store premises, and may be required to identify alternative premises at less favourable terms and conditions. In particular, an inability to secure and renew leases for retail stores in prime locations at competitive terms could result in a loss of business, time overruns and may adversely affect our operations and profitability. Further, the lease deeds for our properties may not be registered, stamped or adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for non-registration and non-payment of or inadequate stamp duty. We also hire some of our supply vehicles based on contract-hire agreements. There can be no assurance that we will continue to enter into such contract-hire agreements on commercially acceptable terms favourable to us.

17. **We have applied for registration of certain trademarks in our name. Until such registrations are granted, we may not be able to prevent unauthorized use of such trademarks by third parties, which may lead to the dilution of our goodwill.**

We have obtained registrations for the trademark 'MedPlus', which is the trademark for our primary business operations, under classes 41 and 42. Our Company and our Subsidiaries have filed applications seeking registration for additional trademarks under various classes with the Controller General of Patents, Design and Trademarks, Government of India, of which 18 trademarks have been applied for in the name of our Company. Some of these applications are currently pending approval. We cannot assure you that our applications will be accepted and will be registered. During the pendency of our application for registration of these trademarks, we may face difficulties in protecting our private labels in the event of a possible infringement of the same. In the past, our trademark applications for the trademarks 'MedPlus' under three classes and 'Medplus Mart' have been opposed, for the trademarks 'MedPlus Opticians', 'MedPlus', 'GLUCIPRO' and 'LEVICARE' have been objected, for the trademarks 'WWW.MEDPLUSLAB.COM' and 'WWW.MEDPLUSLENS.COM' have been marked for examination report, and for the trademark 'KIDDOS TOOTH BRUSH' the examination report is awaited. The products in respect of which trademark applications have been made do not significantly contribute to our revenue. However, in the event that we are not able to obtain registrations, or successfully defend the oppositions or objections to our trademark applications, we may not be able to avail the legal protection or prevent unauthorized use of such trademarks by third parties, which may adversely affect our goodwill and business. Further, in case we are required to engage in multiple legal actions in respect of our trademarks, it may require us and our management to expend additional time and resources, which may have an impact on our profitability.

18. **If we are unable to effectively implement our business and growth strategy and efficiently operate, optimize or expand our storage and distribution network or pharmacy retail network, we may be unable to meet customer demand, and our results of operations, financial condition and prospects may be materially and adversely affected.**

The success of our business will depend on our ability to effectively implement our business and growth strategy. In the past we have generally been successful in execution of our business strategy but there can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

Our pharmacy retail network presently comprises physical stores located across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, West Bengal and Maharashtra, and an online channel through our website and mobile application *(Source: Technopak Report)*. The success of our business will depend greatly on our ability to identify strategic locations for opening new stores and expanding our operations. Our stores are geographically concentrated. As of March 31, 2019, March 31, 2020 and March 31, 2021, an aggregate of 1,370, 1,449 and 1,659 stores were located in the states of Karnataka, Tamil Nadu, and Telangana and Andhra Pradesh, representing 82.88%, 81.63% and 79.72% of our total stores, respectively. During the financial years 2019, 2020 and 2021, the aggregate revenue of our stores in the top four states by revenue was ₹17,563.52 million, ₹22,586.11 million and ₹23,926.62 million, representing 77.28%, 78.68% and 77.96% of our revenue from operations, respectively. A failure to expand our current businesses or compete in new markets may have an adverse effect on our business and results of operations. From the financial years 2013 to 2021, our pharmacy retail business derived its external sales from key markets in various metropolitan cities such as Hyderabad, Bangalore, Chennai, and Kolkata and their surrounding districts. We intend to expand our footprint to additional regions in India. However, we cannot assure you that we will be successful in expanding our pharmacy retail businesses as intended. Any delay in identifying, or failure to identify, suitable locations expansion or extend geographical reach may adversely affect our business, financial condition and results of operations.

As part of our growth strategy, we also aim to, among other things, expand our online channel, or operate, optimize or expand our distribution and retail networks. Our ability to meet consumer demand may be significantly constrained if we are unable to efficiently expand our online channel, or operate, optimize or expand our distribution and retail networks. That said, in the future, we may open more stores than is sustainable at the time, and may be exposed to the risk of incurring losses, reduced cash flows and lower margins. Further, we may expand into new verticals or services which we may not be sufficiently familiar or experienced in, which may hamper the success of such expansion. Any such disruption may result in increased costs or time associated with our stores and may cause a delay in our ability to service our customers.

From time to time, we may seek additional equity or debt financing to fund our growth, enhance our stores, respond to competitive pressures or make acquisitions or other investments. Our business plans may change, general economic, financial or political conditions in the operating markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on our cash flows and the anticipated cash needs of our business. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. We cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business at the rate desired and our results of operations may suffer. Financing through issuances of equity securities would be dilutive to holders of the Equity Shares.

The success of our planned expansion will depend on many factors, including our ability to optimize our pharmacy retail businesses, form relationships with, and manage an increasing number of, customers nationwide. We also need to be able to anticipate and respond effectively to competition posed by other retail pharmacies in new markets. If we fail to expand our pharmacy retail businesses as planned or if we are unable to compete effectively with other distributors and retail pharmacies in new markets, our business, financial condition and results of operations may be materially and adversely affected.

19. Our business may be adversely affected by adverse news, scandals or other incidents associated with the Indian pharmaceutical industry.

Incidents that reflect doubt as to the quality or safety of pharmaceutical products sold by other participants in the Indian pharmaceutical industry, including by our competitors, have been, and may continue to be, subject to widespread media attention. For example, in the past, there have been negative publicity relating to proposed and bans on online pharmacies in certain markets. Industry bodies have also lobbied against and issued warnings to online pharmacies, and have complained to drugs controllers and other authorities. For instance, in the past, certain chemists' and druggists' associations have written complaint letters to the drugs controllers of certain states about our operations. Such incidents may damage the reputation of not only the parties involved, but also the pharmaceutical industry in general, even if such parties or incidents have no relation to us, our management, our employees, our suppliers, our distributors or our retail pharmacies. Any such negative publicity may indirectly and adversely affect our reputation and business operations. In addition, incidents not related to product quality or safety, or other negative publicity or scandals implicating us or our employees, regardless of merit, may also have an adverse impact on us and our reputation and corporate image.

In recent years, there has been a marked increase in the use of social media platforms in India, including blogs, social media websites and applications, and other forms of internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Many social media platforms immediately publish the content that their subscribers and participants post, often without filters or checks on accuracy of the content posted. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results, regardless of the information's accuracy. The damage may be immediate without affording us an opportunity for redress or correction. Other risks associated with the use of social media include negative comments about us, fraud, hoaxes or malicious exposure of false information. Such inappropriate, unverifiable or false information regarding us or our platform may be published online or on social media by third parties could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition.

20. We rely on the utilization of prescription drugs, and their brand name or generic drugs may affect our sales and margins, adversely affecting our business, financial condition and results of operations.

The profitability of our pharmacy retail business depends, for a large part, on the utilisation of prescription drugs. Utilisation trends are affected by, among other factors, the introduction of new and successful prescription drugs as well as lower-priced generic alternatives to existing brand name drugs generally due to higher gross margins on the sale of generic alternatives. Inflation in the price of drugs also can adversely affect utilisation. As more retailers start selling individual private label products, new brand name drugs can result in increased drug utilisation and associated sales, while the introduction of lower priced generic alternatives typically results in relatively lower sales, but relatively higher gross profit margins. Our profit margin can also be significantly impacted if medical practitioners prescribe pharmaceutical drugs of an aggregate quantity that we may not adequately stock. Moreover, there may be changes in regulatory policy that could affect the prescriptions by medical practitioners, such as a mandatory prescription notification by the Government of India which is yet to be implemented.

Accordingly, a decrease in the number or magnitude of significant new brand name drugs or generics successfully introduced, delays in their introduction, or a decrease in the utilisation of previously introduced prescription drugs, could have an impact on results of operations. In addition, gross profit margins could be adversely affected if there is an increase in the amounts we pay to procure pharmaceutical drugs, including generic drugs, or if new brand name drugs replace existing generic drugs.

21. A change in population demographics could have an adverse effect on our business, operations, financial condition and results of operations.

The global aging population is a major driver of demand for pharmacy retail services. An older population is making up an increasingly larger proportion of the overall Indian population as a result of falling fertility and increasing life expectancy rates. These trends, along with the COVID-19 pandemic, have generally resulted in an increased demand for pharmaceutical and other drugs, particularly among the elderly population. A change in any of these trends, including shorter life spans, reduced incidence of illness or reduced demand for pharmaceutical drugs, could significantly impact demand for our products and services and could adversely affect our business, operations, financial condition and results of operations.

22. If we are unable to hire, retain and motivate qualified personnel, our business will suffer.

Our future success depends, in part, upon our ability to attract, retain and motivate highly skilled and qualified personnel. As of June 30, 2021, we employed more than 14,000 employees. Failure to attract and retain necessary professionals, including pharmacists, sales and marketing personnel and skilled management could adversely affect our business. We believe that there is significant competition within our industry for qualified professionals with the necessary skills, and increasing competition for technology professionals may impact our ability to attract or retain personnel. If we are unable to offer our personnel higher compensation, we may be unable to retain them. Some of our competitors have greater resources than we have and may be able to offer more attractive terms of employment. In addition, we invest significant time and resources in training our employees, which increases their value to competitors who may seek to recruit them. If they leave our employment to join our competitors, there is a risk that they may solicit our existing employees on behalf of our competitors or disclose confidential information relating to us to our competitors. If we fail to attract, train and retain sufficient numbers of these highly qualified people, our prospects, business, financial condition and results of operations will be materially and adversely affected.

23. We have entered into certain related party transactions and may continue to do so in the future.

As of March 31, 2021, we have entered into certain related party transactions with Gangadi Investments Private Limited, a private limited company owned by our founder, Gangadi Madhukar Reddy, our Corporate Promoters, Agilemed, Lone Furrow Investments, its key management personnel, Cherukupalli Bhaskar Reddy, Hemanth Kundavaram, Parag Jain and our Group Company, Hinshitsu, over which our shareholders or key managerial personnel exercise control or have significant influence. In addition, Hinshitsu has engaged and may continue to engage in transactions with Optival, our Company or its other subsidiaries. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that it could not have been achieved on more favourable terms had such transactions not been entered into with related parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation.

24. Our Company has previously delayed in complying with certain provisions of FEMA. Consequently, we may be subject to regulatory actions and penalties for any past or future non-compliance. Further, there have been instances of non-compliances in the past in relation to stock exchange filings and intimations by our Corporate Promoter, Agilemed, in respect of its listed debt securities.

Our Company has previously delayed in complying with certain requirements under FEMA. On March 31, 2020, Gangadi Investments Private Limited ("**GIPL**") transferred 1,199 equity shares of face value ₹10 each of the Company held in dematerialised form to Shore Pharma LLC, a non-resident entity ("**GIPL Transfer**"), for which GIPL filed a form FC-TRS. GIPL received an email from the RBI dated June 2, 2020 approving the said transfer and advising the Company to pay a late submission fee of ₹34,515 for contravention under Regulation 4 (3) of the RBI notification no. FEMA 395/2019-RB dated October 17, 2019, and to apply for compounding of the contravention. The Company has filed an application for compounding on July 5, 2021 and the matter is currently pending. For further details, see "*Outstanding Litigation and Material Developments*" on page 277.

Further, the Company has in the past been subjected to payment of late submission fee in respect of filing of the Form FC-GPR in terms of FEMA and the relevant RBI guidelines. For example, the Company was required to pay a late submission fee of ₹0.06 million in respect of the Form FC-GPR filed for the investment by Shore Pharma LLC and Lavender Rose in the past. We have paid the respective late submission fees to the RBI as required. However, we cannot assure you that such contraventions will not occur in the future, that the RBI or any other regulatory authority will condone these irregularities, that the penalty imposed will be reasonable.

In addition to the above, in the past, there have been instances when our Corporate Promoter, Agilemed, (i) did not make prior intimation for board meeting to stock exchanges as required under Regulation 50(3) of the SEBI Listing Regulations, and (ii) published its financial results with a delay of two calendar days from the timeline prescribed under Regulation 52(8) of the SEBI Listing Regulations. While no action has been taken by the stock exchanges in respect of these non-compliances, we cannot assure you that such contraventions will not result in the imposition of a penalty on our Corporate Promoter, Agilemed, in the future, or whether the penalty imposed will be reasonable.

25. Applicable foreign exchange regulations and our charter documents may restrict the ability of foreign investors to purchase the Equity Shares, which may adversely affect our ability to raise capital in a timely manner, or at all.

Foreign investments into Indian companies are regulated by the Government of India and the Reserve Bank of India ("**RBI**"). For example, under its consolidated foreign direct investment policy (effective from October 15, 2020) ("**FDI Policy**"), Foreign Exchange Management Act, 1999 and the rules and regulations thereunder, each as amended ("**FEMA**"), the Government of India has specific prescribed requirements and conditionalities with respect to the level of foreign investment permitted in certain business sectors both without prior regulatory approval (the "**Automatic Route**") and with prior regulatory approval (the "**Approval Route**").

Our Company is in the healthcare services business and several of our Subsidiaries are in the manufacturing, cash and carry wholesale trading and wholesale trading businesses, where 100% foreign direct investment is permitted under the Automatic Route. However, some of our Subsidiaries are engaged in business sectors which fall under the Approval Route, or where foreign investment is subject to sectoral conditionalities, including retailing of pharmacy and wellness products, and e-commerce.

Presently, our Company is owned (with shareholding of non-residents being less than 50%) and controlled by resident Indian citizens, and accordingly any foreign investment in our Company is not considered to be an 'indirect' or 'downstream' foreign investment in our Subsidiaries. Accordingly, the total foreign investment in our Company cannot exceed 49.9% of our Company's share capital, and foreign investors cannot be deemed to own and control our Company. This may restrict our ability to raise capital in the future or in the ability of foreign investors to purchase Equity Shares. Further, pursuant to our Articles of Association, our Company is required to remain an Indian owned and controlled company so long as certain investors remain shareholders in our Company.

The Government of India has made and may continue to make revisions to FEMA and the FDI Policy. In the event of any adverse amendments to the FDI Policy or FEMA in the future, our ability to develop our business, take advantage of acquisition or other growth opportunities or raise capital through foreign investment in a timely manner or at all may affect our business, financial conditions and results of operations.

26. Our Promoters have pledged their preference shares with certain lenders under various loan and security agreements. Any exercise or enforcement of such pledge could dilute the shareholding of these Promoters, which may adversely affect our business and future prospects.

Our Promoters have pledged certain of their preference shares with certain lenders under various loan and security agreements. As at the date of this Draft Red Herring Prospectus, our Corporate Promoters, (i) our Corporate Promoter, Lone Furrow Investments Private Limited has pledged 1,676,418 Series B2 CCPS held by it in favour of Zash Traders (through the Zash Debenture Trustee) ("**Pledge A Shares**") aggregating 7.50% of the pre-Offer equity share capital of our Company, on a fully diluted basis; and (ii) our Corporate Promoter, Agilemed Investments Private Limited has pledged 1,721,445 Series B1 CCPS held by it in favour of Morning Brook Investment Ltd (through the Morning Brook Debenture Trustee) ("**Pledge B Shares**" and collectively with Pledge A Shares, the "**Pledge Shares**") aggregating 7.70% of the pre-Offer equity share capital of our Company, on a fully-diluted basis, as collateral for loan arrangements entered into with Vistra ITCL (India) Limited ("**Vistra**"), which is the debenture trustee, to which our Corporate Promoters are parties.

Pursuant to the letters dated August 6, 2021 acknowledged by Vistra as the debenture trustee for the debenture holders, namely, Morning Brook Investment Ltd and Zash Traders respectively, in relation to Pledged Shares Pursuant to the Pledge Modification Letters, in respect of Pledged A Shares (i) the pledge on the portion of Pledge A Shares, which on conversion to Equity Shares, is proposed to be offered for Sale in the Offer by Lone Furrow, will be released prior to the date of filing of the Red Herring Prospectus with the RoC; (ii) the pledge on the remaining Pledge A Shares i.e., the portion of the Pledge A Shares which neither proposed to be offered in the Offer for Sale by Lone Furrow nor contributed to minimum promoters' contribution, will be released on or about the Bid/Offer Closing Date. Further, pursuant to the Pledge Modification Letter in respect of Pledge B Shares, the pledge on the Pledge B Shares will be released as may be mutually agreed amongst the parties at the time of filing of the Red Herring Prospectus, subject to compliance with the terms of the respective debenture documents, the Pledge Modification Letters and applicable law. Pursuant to the Pledge Modification Letters, the pledge on the Equity Shares held by the Promoters which will be contributed towards minimum promoters' contribution have been released prior to the Draft Red Herring Prospectus. As per the debenture documents entered into by Lone Furrow read with the Pledge Modification Letter, prior written consent of the lenders is required to dispose any assets of Lone Furrow, including the shares held by Lone Furrow in the Company.

As of June 30, 2021, the total outstanding amount of the debentures under which our Promoters pledged their equity shares and preference shares amounted to ₹ 6,171.22 million. For further details, see "*Capital Structure*" on page 66. If such loan and security arrangements are breached, the pledge on our Promoter's shares may be invoked, adversely affecting the trading price of the Equity Shares and reduce the aggregate shareholding of our Promoters in our Company.

27. We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management, and other key employees to execute on our business plan and to identify and pursue new opportunities and product innovations. The failure to properly manage succession plans and/or the loss of services of senior management or other key employees could significantly delay or prevent the achievement of our strategic objectives. The loss of the services of one or more of our senior management or other key employees for any reason could adversely affect our business, financial condition and operating results and require significant amounts of time, training and resources to find suitable replacements and integrate them within our business, and could affect our corporate culture.

28. We are in an industry that is highly competitive, and any inability to compete successfully against current and future competitors may adversely affect our business, financial condition and results of operation.

Pharmacy retail businesses typically compete with other drugstore chains, online retailers, independent pharmacies, pharmacies attached to hospitals and medical groups. We have competitors with longer operating histories, larger customer bases, greater brand recognition, greater experience and more extensive commercial relationships in certain states, and greater financial, technical, marketing and other resources than we do. Our primary key competitors are Apollo Pharmacy, Wellness Forever, Pharm Easy, Tata 1mg and NetMeds. See "*Industry Overview*" on page 101. We also operate in a rapidly consolidating industry. Our potential new or existing competitors may be able to develop or provide a wider product offering at more competitive prices, or respond more quickly and effectively to new or changing opportunities, technologies, regulations or customer requirements.

The COVID-19 pandemic has changed consumer behaviours and accelerated the advancement of disruptive technologies that has resulted in a significant increase in e-commerce competition. Disruptive innovation by existing or new competitors potentially in the nature of a more user-friendly, innovative online channel or other such sales channel could significantly alter the competitive landscape in the future. For instance, in recent years, various online pharmacy services have been launched across India. In order to compete with such online pharmacy service providers and other potential new competitors, we may have to incur additional expenditure towards enhancing our online presence and optimizing our omni-channel platform, and may be required to alter our business strategy. However, we may be unable to keep up with the pace of such behavioural changes or technological advancements, and this could adversely affect our operations and our financial performance.

Competition may also come from other sources in the future. Changes in market dynamics or the actions of competitors or manufacturers, including industry consolidation, the emergence of new competitors and strategic alliances could adversely affect our pharmacy retail business. If our competitors gain significant market share at our expense, we may need to lower the prices of our products or increase the level of discounts granted in order to retain customers, possibly reducing our sales. For example, the level of discounts we have granted has been increasing in recent years. We cannot assure you that we will be able to obtain inventory from our suppliers as per our current terms, or reduce our expenses incurred. This may adversely affect our sales, business, financial condition and results of operations.

29. Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject to and this may have a material adverse effect on our business.

Our insurance includes coverage of certain risks such as fire and other natural and accidental risks at our stores, laboratories and warehouses, and includes stock, money, vehicle and D&O insurance, which we believe is in line with our industry. As of March 31, 2021, the amount of our insured assets was ₹ 8,335.74 million, representing 86.45% of our total assets excluding intangible assets, land, right of use, deferred tax and bank balances. We may be exposed to liability risks, such as product liability, product recall or personal injury risks. In addition, if any or all of our warehouses or stores are damaged in whole or in part, our operations may be interrupted for a sustained period. We cannot assure you that our insurance policies will be adequate to cover the losses that we may incur as a result of such events. If we suffer a large uninsured loss or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and result of operations may be materially and adversely affected.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

30. We are dependent on third party transportation for the delivery of products in certain areas and any disruption in their operations or a decrease in the quality of their services could affect our reputation and results of operations.

We are largely dependent on third party transportation providers to facilitate the delivery of our products from our warehouses to our stores. Although our business has not experienced any significant disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. At times, these transportation facilities may not be adequate to support our existing and future operations. In addition, products being delivered through these transportation facilities may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively.

Further, disruptions to transportation services due to weather-related problems, strikes, lockouts, inadequacies in the road infrastructure and port facilities, or other events could impair ability to deliver goods on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

31. A portion of our business varies across certain seasons and periods, which may adversely affect our business, results of operation and share price.

A portion of the pharmacy retail business is seasonal in nature. As a result, we purchase seasonal inventory in anticipation of seasonal demand. However, despite having a standardized stocking plan and a defined replenishment cycle for all our stores, adverse events, such as public transportation disruptions, or unanticipated adverse weather, could result in lower-than-planned sales during key selling seasons. This could lead to lower sales and impact our business and results of operation in certain periods.

In addition to seasonality, our quarterly revenue and results of operations may fluctuate as a result of other factors, many of which are outside of our control. If our quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of the Equity Shares could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including:

- demand for and market acceptance of the products being sold by us;
- the mix of services sold during a relevant period under consideration;
- the strength of the economy; and
- competition, including entry into the industry by new competitors and new offerings by existing competitors,

Due to the foregoing factors, and the other risks discussed in this Draft Red Herring Prospectus, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

32. Goodwill and other intangible assets could, in the future, become impaired.

Goodwill and indefinitely-lived intangible assets are subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate that the carrying value may not be recoverable. When evaluating goodwill for potential impairment, we compare the fair value of our reporting units to their respective carrying amounts. We estimate the fair value of our reporting units using a combination of a discounted cash flow method and a market multiple method. If the carrying amount of a reporting unit exceeds its estimated fair value, a goodwill impairment loss is recognized in an amount equal to the excess to the extent of the goodwill balance. Estimated fair values could change if, for example, there are changes in the business climate, industry-wide changes, changes in the competitive environment, adverse legal or regulatory actions or developments, changes in capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows or market capitalization. Because of the significance of our goodwill and intangible assets, any future impairment of these assets could require material noncash charges to our operating results, which also could have a material adverse effect on our financial condition.

33. We may make acquisitions and investments in the future which could divert management's attention and result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations and adversely affect our business, operating results or financial position.

As part of our growth strategy, we may target achieving economies of scale and operating efficiencies through acquisitions. Our ability to execute our growth strategy depends in part on our ability to identify and acquire desirable acquisition candidates at a price and on terms acceptable to us and on our ability to successfully integrate acquired operations into our business. However, despite our model, we are not always able to control the timing of our acquisitions. If we identify suitable acquisition candidates, we may be unable to successfully negotiate their acquisition at a price or on terms and conditions acceptable to us. Our inability to complete acquisitions within the time frames that we expect may cause our operating results to be less favourable than expected, which could cause the price of the Equity Shares to decline. If we are unable to identify and correct operational or financial weaknesses in acquired businesses or to achieve the projected cost savings, our operating result and cash flows could be negatively impacted. Even if we are able to make acquisitions on advantageous terms and are able to integrate them successfully into our operations and organization, some acquisitions may not fulfil our anticipated financial or strategic objectives in a given market due to factors that we cannot control, such as market conditions, market position, competition, customer base, third-party legal challenges or governmental actions.

While we expect we will be able to fund some of our acquisitions and capital expenditures with our existing resources, we will likely require additional financing, including debt, to pursue certain acquisitions. We may not be able to incur additional debt on terms favourable to us or at all.

Any transactions that we enter into following the evaluation of potential strategic acquisition or investment opportunities could be material to our financial condition and results of operations. The process of acquiring and integrating another company could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, such as:

- diversion of management time and focus from operating our business;
- use of resources that are needed in other areas of our business;

- in the case of an acquisition, implementation or remediation of controls, procedures and policies of the business being acquired;

- in the case of an acquisition, difficulty integrating the accounting systems and operations of the acquired company, including potential risks to our corporate culture;

- in the case of an acquisition, retention and integration of employees from the business being acquired;

- unforeseen costs or liabilities;

- adverse effects to our existing business relationships with partners and customers as a result of the acquisition or investment; and

- the possibility of adverse tax consequences.

In addition, a significant portion of the purchase price of our acquisitions may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect our share price, or result in issuances of securities and preferences to the Equity Shares or the incurrence of debt with restrictive covenants that limit our future uses of capital in pursuit of business opportunities.

34. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on our current business plan, current market conditions and other commercial and technical factors, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. We may have to revise our funding requirements and deployment of proceeds from time to time on account of a variety of factors, such as our financial and market conditions, our business and prevailing strategy, industry competition, interest or exchange rate fluctuations and other external factors, which may not be within the control of our management. See "*Objects of the Offer*" on page 86.

The entire Net Proceeds are proposed to be utilized towards (i) funding the working capital requirements of one of our Subsidiaries, Optival; and (ii) general corporate purposes, during financial years 2022, 2023 and 2024. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

35. Our lenders have imposed certain restrictive conditions on us under our financing arrangements.

Optival has entered into agreements for availing certain cash credit facilities from various lenders, and our Company has issued a corporate guarantee to lenders on account of a loan of ₹1,850 million availed by Optival, for funding Optival's working capital requirements. Certain covenants in these agreements require us to obtain approval/permission from our lenders in certain conditions including changes in shareholding, management, control and constitutional documents of Optival. In the event of default or the breach of certain covenants, our lender has the option to make the entire outstanding amount payable immediately. Further certain agreements also impose financial and other restrictive covenants such as maintenance of financial ratios, submission of results, etc. For instance, upon the occurrence of an event of default under the debenture agreements between Agilemed, GIPL, Gangadi Madhukar Reddy and Vistra ITCL (India) Limited, and Lone Furrow, GIPL, Gangadi Madhukar Reddy and Vistra ITCL (India) Limited, each dated January 20, 2021, the lenders, i.e. Zash Traders (through the Zash Debenture Trustee) and Morning Brook Investment Ltd (through the Morning Brook Debenture Trustee), each have the right to nominate one nominee Director on the Board of the Company. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. We may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans.

36. **Our operations are subject to high working capital requirements, and have incurred substantial indebtedness. Our inability to maintain an optimal level of working capital or financing required may impact our operations adversely.**

Our business may require significant amount of working capital, and a major portion of our working capital is utilized towards inventories. As on March 31, 2021, we have been sanctioned working capital limit of ₹1,850 million. Our growing scale and expansion, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations.

Our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows, general market conditions, economic and political conditions in the markets where we operate and our capacity to service debt. As on March 31, 2021, our total outstanding indebtedness was ₹ 1,352.35 million (excluding lease liability).

Our indebtedness results in substantial amount of debt service obligations, which could lead to:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to borrow more money both now and in the future; and
- increasing our interest expenditure and adversely affecting our profitability.

Our activities expose us to a variety of financial risks, including credit risk, liquidity risk and in particular, market risk. If any of the credit facilities availed by us are recalled on a short notice, we may be required to arrange for funds to fulfil the necessary requirements. The occurrence of these events may have an adverse effect on our cash flow and financial conditions.

37. **Loans availed by us have been secured based on personal guarantees of our Directors, and our business, financial condition, results of operations, cash flows and prospects may be adversely affected in case of invocation of any personal guarantees provided by our Directors.**

As on March 31, 2021, Optival has availed certain cash credit facilities from various lenders, each secured by personal guarantees provided by our Director, Gangadi Madhukar Reddy. He may continue to provide additional personal guarantees and other personal security post completion of this issuance. In case of a default under our loan agreements, any of the personal guarantees provided by such Director may be invoked, which could potentially negatively impact the reputation and net worth of our Directors. We may also face certain impediments in taking decisions which in turn would result in a material adverse effect on our financial condition, business, results of operations and prospects and would negatively impact our reputation. We may also not be successful in procuring alternate guarantees or security satisfactory to our secured lenders, as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

38. **There have been instances of negative cash flows in the last three financial years.**

We have in the past, and may in future, experience negative cash flows from operating, investing and financing activities. Set forth below is a table of selected information from our Restated Consolidated Financial Statements of cash flows for the financial years 2019, 2020 and 2021:

(₹ millions)

Particulars	Financial Year		
	2019	2020	2021
Net cash generated from / (used in) operating activities	1,466.84	(65.89)	28.91
Net cash used in investing activities	(193.35)	(275.54)	(345.49)
Net cash (used in) / from financing activities	(828.41)	898.27	(56.26)

For further information, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 179 and 258, respectively. We cannot assure you that our net cash flows will be positive in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be materially and adversely affected.

39. **Potential conflicts of interest may arise if our Promoters or Directors are or become involved with one or more**

ventures which are in the same line of activity or business as that of the Issuer.

One of our Directors, Atul Gupta (Non-Executive Director) is currently a director on the board of Koye Pharmaceuticals Private Limited. Further, our Promoters or Directors may, in the future, become involved in ventures that may potentially compete with our business, subject to the provisions and disclosure requirements provided under the code of conduct for board of directors and senior management personnel, the Companies Act, 2013 and the SEBI Listing Regulations. The interests of our Promoters and Directors may conflict with the interests of our other Shareholders and our Promoters or Directors may, for business considerations or otherwise, cause us to take actions, or refrain from taking actions, in order to benefit themselves instead of our interests or the interests of our other Shareholders which may be harmful to our interests or the interests of our other Shareholders, which may adversely impact our business, financial condition, results of operations and cash flows.

40. Interests of the Promoters, Directors or key management personnel of the Issuer, other than reimbursement of expenses incurred or normal remuneration or benefits may conflict with those of our shareholders.

Some of our Promoters as well as certain Directors, i.e. Gangadi Madhukar Reddy (Managing Director and Chief Executive Officer) and Atul Gupta (Non-Executive Director), Key Managerial Personnel, Surendranath Mantena (chief operating officer- MedPlus Mart), and their relatives are interested in the Company, in addition to regular remuneration or benefits and reimbursement of expenses, and to the extent of their shareholding in the Company or the employees stock options that may be held by them. Further, Cherukupalli Bhaskar Reddy, our chief operating officer- outlet operations, is interested in NPPL as a shareholder, in CPL as the ostensible owner on behalf of the Company and in VKEPL as the registered owner on behalf of NSPPL. Further, Cherukupalli Bhaskar Reddy is also the director of our Corporate Promoters. Also, our Company has paid, and continues to pay, rent to our Individual Promoter, Managing Director and Chief Executive Officer, Gangadi Madhukar Reddy, for property leased to the Company. Further, our Promoters have pledged Preference shares in favour of certain debenture holders. See " – *Our Promoters have pledged their Preference shares with certain lenders under various loan and security agreements. Any exercise or enforcement of such pledge could dilute the shareholding of these Promoters, which may adversely affect our business and future prospects*" on page 36. We cannot assure you that our Directors, Key Managerial Personnel and Promoters will exercise their rights as shareholders to the benefit and best interest of the Company. For further information on the interest of our Promoters and Directors of the Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management" and "Our Promoters and Promoter Group*" on pages 156 and 173, respectively.

41. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.

We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition. As of March 31, 2021, our Restated Consolidated Financial Information as per Ind AS – Provisions, Contingent Liabilities and Contingent Assets, disclosed the following contingent liabilities that have not been provided for as follows:

(₹ in millions)

Particulars	As of March 31, 2021
Claims against the Group not acknowledged as debt	
Income tax	111.78
Value added Tax	8.26

For further information on our contingent liabilities, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Contingent Liabilities Based on Our Restated Financial Information*" on page 272. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

42. We have in the last 12 months issued Equity Shares and preference shares at a price that could be lower than the Offer Price.

As on date of this Draft Red Herring Prospectus, we have issued no Equity Shares at a price that could be lower than the Offer Price during the last twelve months, except as disclosed in "*Capital Structure – Notes to the Capital Structure*" on page 67.

43. We will not receive any proceeds from the Offer for Sale. The Selling Shareholders will receive the net proceeds from the Offer for Sale.

The Offer consists of a Fresh Issue and an Offer for Sale. The Selling Shareholders shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer expenses shared by the Selling Shareholders, and our Company will not receive any proceeds from the Offer for Sale.

44. We have included certain non-Generally Accepted Accounting Principles financial measures and other selected statistical information related to our operations in this Draft Red Herring Prospectus. Such non-Generally Accepted Accounting Principles financial measures and other statistical information may vary from any standard

methodology that is applicable across the pharmacy retail industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies.

Certain non-GAAP measures relating to our financial performance, such as, EBITDA, EBITDA Margin, Adjusted EBITDA, Adjusted EBITDA Margin ("**Non-GAAP Measures**") and certain other industry metrics relating to our operations and financial performance, such as Operating EBITDA, Store Level Operating EBITDA, Store Level Operating EBITDA for Mature Stores, Store Level Operating EBITDA for others, Operating EBITDA Margin, Store Level Operating EBITDA Margin, Store Level Operating EBITDA Margin for Mature Stores, Store Level Operating EBITDA Margin for others, Operating ROCE, Capital Employed and Operating EBIT, revenue per store, Operating EBITDA per store, payback period, store numbers state wise and region wise, branded vs. non-branded sales mix, product mix, market share, Store Level Operating ROCE for Mature Stores presented in this Draft Red Herring Prospectus are a supplemental measure of our performance that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. For further details see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 258 and "*Other Financial Information*" on page 256.

45. **Information relating to our installed capacities and the historical capacity utilisation of our production plants included in this Draft Red Herring Prospectus is based on various assumptions and estimates by the chartered engineer verifying such information and future production and capacity utilisation may vary.**

Information relating to our installed capacities and the historical capacity utilisation of our production plants included in this Draft Red Herring Prospectus is based on various assumptions and estimates, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. While we have obtained a certificate dated August 16, 2021 from Servel Krishna Engineers Private Limited, chartered engineers in relation to such capacities and actual production levels, future capacity utilisation rates may vary significantly from the estimated production capacities of our production facilities and historical capacity utilisation rates. In addition, capacity utilisation is calculated differently in different countries, industries and for the kinds of products we manufacture. Actual utilisation rates may differ significantly from the estimated installed capacities or historical estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or historical estimated capacity utilisation information for our existing facilities included in this Red Herring Prospectus. For further information, see "*Our Business*" on page 119.

46. **We have commissioned, on June 10, 2021, and paid for an industry report from Technopak exclusively for industry-related data in this Draft Red Herring Prospectus. Accordingly, prospective investors are advised not to place undue reliance on such information.**

We have commissioned, on June 10, 2021, and paid Technopak to prepare a report on the industry that we operate in, and they have provided us with a report titled "Pharmacy Retail in India" dated August 12, 2021 (the "**Technopak Report**"), which has been used for industry-related information that has been disclosed in this Draft Red Herring Prospectus. The Technopak Report uses certain methodologies for market sizing and forecasting. While we believe such information to be true, we cannot assure you that such information is complete or reliable. Accordingly, investors should read the industry-related disclosure in this Draft Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on the information in the Technopak Report.

EXTERNAL RISKS

Risks Relating to India

47. **Our business is affected by economic, political and other prevailing conditions in India and the markets we currently serve.**

The Indian economy and the financing industry are influenced by economic, political and market conditions in India and globally. The Issuer is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the

Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, include, among others:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, or change in India's credit rating, resulting in an adverse effect on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, such as application of GST;
- strikes, lock-outs, work stoppages or increased wage demands by employees, suppliers or other service providers;
- political instability, civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war in India or in countries in the region or globally, including in India's various neighbouring countries;
- man-made or natural disasters such as earthquakes, tsunamis, floods and droughts, as well as the effects of climate change;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its financial services sectors;
- downgrade of India's sovereign debt rating by an independent agency; and
- infectious disease outbreaks or other serious public health concerns, such as the current COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, financial condition and results of operations and the trading price of the Equity Shares.

48. Changing laws, rules and regulations and legal uncertainties across the multiple jurisdictions we operate in may adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations could be adversely affected by changes in the laws, rules, regulations or directions applicable to us and our business, the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations. The governmental and regulatory bodies may notify new regulations or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner. Any such changes and the related uncertainties with respect to the implementation of new regulations may have an adverse effect on our business, financial condition and results of operations.

Further, we are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labour and work permits. Our full-time employees are employed by us and are entitled to statutory employment benefits. In addition to our full-time employees, we use agencies for our outsourcing requirements and engage persons on a contractual basis. A change of law that requires us to increase the benefits to the employees from the benefits currently provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work or increase the number of mandatory casual leaves, which can all affect the productivity of the employees. A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. Moreover, our failure to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, could adversely affect our business, financial condition and results of operations. For example, in September 2020, the Government of India implemented a new legislation relating to social security and wages, the Code for Social Security, which took effect beginning April 1, 2021 (the "**Social Security Code**"). The Social Security Code impacts overall employee expenses which, in turn, could impact our profitability. The Social Security Code has introduced the novel concept of deemed remuneration, such that where an employee receives more than half (or such other percentage as may be notified by the

Government of India) of such employee's total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly added to wages for the purposes of the Social Security Code, and the compulsory contribution made towards the employees provident fund. As an immediate consequence, the Social Security Code could increase the financial burden on the employer and could impact profitability.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in the Issuer by non-residents, could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our businesses in the future.

49. If there is any change in taxation laws, or their interpretation, such changes may significantly affect our business, financial condition and results of operations.

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India's Ministry of Finance on September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for Indian companies from 34.94% to approximately 25.17%. While we have not opted for the concessional regime and continue to be subject to other benefits and exemptions, any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

The Finance Act, 2020 ("**Finance Act**"), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("**DDT**"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017. In addition, the tax consequences of the General Anti-Avoidance Rules ("**GAAR**"), which came into effect from April 1, 2017, being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on the Issuer. As a result, an such changes or interpretations could have an adverse impact on our business and results of operations. Further, the Finance Act, 2019 stipulates any sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act, 2019 has also clarified that the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our business and operations.

The Government of India announced the union budget for the financial year 2021, pursuant to which the Finance Act, effective from July 1, 2020, has introduced various amendments. As such, there is no certainty on the impact that the Finance Act, 2020 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Further, the Government of India has announced the union budget for the financial year 2022, pursuant to which the Finance

Bill, 2021 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021 ("Finance Act"). We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

50. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

The Issuer is incorporated under the laws of India. All of our assets are located in India and a majority of our Directors and Key Management Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon the Issuer or such persons in jurisdictions outside India, or to enforce against judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore, UAE and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or Directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

51. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

The financial statements included in this Draft Red Herring Prospectus have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per the SEBI ICDR Regulations included in this Draft Red Herring Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

52. Rights of shareholders under Indian laws may differ from those under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be similar to the shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in an Indian company, such as the Issuer, than as a shareholder of a corporation in another jurisdiction.

53. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**") regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India ("**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, certain types of agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

54. Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business, financial performance and results of operations

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside our control. India's sovereign rating by DBRS decreased from BBB to BBB "low" on May 20, 2021, and its rating by S&P was past issues BBB- with a "stable" outlook as of July 13, 2021. Any adverse changes to India's credit ratings by international rating agencies may adversely affect our ratings or terms on which we are able to raise additional finances or refinance any existing indebtedness. This may have an adverse impact on our business and financial performance, shareholders equity and the price of the Equity Shares.

Risks Relating to the Equity Shares and this Offer

55. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.

The Offer Price of the Equity Shares has been determined by us and the Investor Selling Shareholder in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process. This price is based on numerous factors, as described under "*Basis for Offer Price*" on page 93 of this Draft Red Herring Prospectus and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

56. **The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop.**

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchange may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares has been determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of research analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- conditions in financial markets, including those outside India;
- a change in research analysts' recommendations;
- market conditions specific to the industry we operate in;
- announcements by us or our competitors of new products, significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations or changes in laws and governmental regulations applicable to our industry;
- additions or departures of Key Management Personnel; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could affect the price of the Equity Shares.

57. **Fluctuations in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of the Equity Shares, independent of our operating results.**

On listing, the Equity Shares will be quoted in Indian Rupees on the Stock Exchange. Any dividends in respect of the Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on the Equity Shares, independent of our operating results.

58. **Any sale of Equity Shares by our Promoters or future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.**

We may be required to finance our growth through future equity offerings. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in the Issuer. Any sale of the Equity Shares by our Promoters or future equity issuances by us may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

59. **Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.**

Under the Companies Act, 2013, a company having share capital and incorporated in India must offer its existing equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in the Issuer would be diluted.

60. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Such long term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Further, STT will be levied and collected by an Indian stock exchange if the equity shares are sold on a stock exchange. With respect to capital gains arising in an off market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹100,000. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020. It clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our business and operations. These provisions have been notified with effect from July 1, 2020. The Government of India had announced the union budget for financial year 2022 and the Finance Act, 2021 received assent from the President of India on March 28, 2021 and was made effective from April 1, 2021. There is no certainty on the impact that the Finance Act, 2021 may have on our business and operations or in the industry we operate in.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Additionally, the Finance Act, 2020 does not require dividend distribution tax to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

61. An investor will not be able to sell any of the Equity Shares purchased in the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares in the Issue, investors purchasing the Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares.

62. Certain of our existing shareholders or future shareholders together may be able to exert substantial voting control over us, which may limit your ability to influence corporate matters.

As of March 31, 2021, our five largest shareholders beneficially owned an aggregate of 89.81% of our outstanding Equity Shares on a fully diluted basis. While the shareholding of the Issuer is diversified, some existing or future shareholders together may limit your ability to influence corporate matters that require shareholder approval. These existing or future shareholders may be able to exercise considerable influence over any matters requiring shareholder approval, including the election of directors, approval of lending and investment policies and the approval of corporate transactions, such as a merger or other sale of the Issuer or its assets or further fund-raising transactions. In addition, our dispersed shareholdings may cause matters requiring shareholder approval to be delayed or not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to share any business opportunities with us.

63. **Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and we cannot assure you that we will be able to pay dividends in the future.**

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. We have not paid any dividends historically on the Equity Shares and we cannot assure you that we will be able to pay dividends in the future.

64. **QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.**

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. RIBs (subject to the Bid Amount being up to ₹200,000) and Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up ₹500,000, net of Employee Discount, if any) can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. While we are required to complete all Allotments pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
Offer of Equity Shares	[●] Equity Shares, aggregating to ₹16,387.16 million
of which:	
Fresh Issue (1)	[●] Equity Shares aggregating to ₹6,000 million
Offer for Sale(2)	[●] Equity Shares aggregating up to ₹10,387.16 million
Employee Reservation Portion(3)(4) (6)	Up to [●] Equity Shares, aggregating up to ₹[●] million
Net Offer	Up to [●] Equity Shares, aggregating up to ₹[●] million
The Net Offer of which consists of:	
QIB Portion(5)(6)	Not more than [●] Equity Shares aggregating up to ₹[●] million
of which:	
(i) Anchor Investor Portion	[●] Equity Shares
(ii) Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
(iii) Mutual Fund Portion	[●] Equity Shares
(iv) Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non-Institutional Portion(6)	Not less than [●] Equity Shares aggregating up to ₹[●] million
Retail Portion(6)	Not less than [●] Equity Shares aggregating up to ₹[●] million
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer prior to conversion of the Preference Shares	32,202,130 Equity Shares
Equity Shares outstanding prior to the Offer upon conversion of the Preference Shares (assuming maximum conversion)	111,761,165 Equity Shares*
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds of the Offer	See "*Objects of the Offer*" on page 86 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

Subject to finalisation of the Basis of Allotment.

(1) *The Offer has been authorised by our Board of Directors pursuant to the resolution passed at the meeting dated August 3, 2021 and the Fresh Issue has been approved by our Shareholders pursuant to the resolution passed at their meetings dated August 5, 2021.*

(2) *The Selling Shareholders have severally and not jointly confirmed and approved their participation in the Offer for Sale as set out below:*

S. No.	*Selling Shareholder*	*Number of Equity Shares offered in the Offer for Sale*	*Date of consent letter*	*Date of corporate action / board resolution / power of attorney*
Promoter Selling Shareholder				
1.	*Lone Furrow Investments Private Limited*	*[●] Equity Shares aggregating up to ₹4,500 million*	*August 5, 2021*	*July 15, 2021*
Investor Selling Shareholder				
2.	*PI Opportunities Fund – I*	*[●] Equity Shares aggregating up to ₹5,000 million*	*August 4, 2021*	*July 5, 2021*
Other Selling Shareholders				
3.	*S. S. Pharma LLC*	*[●] Equity Shares aggregating up to ₹331.16 million*	*July 30, 2021*	*July 19, 2021*
4.	*Natco Pharma Limited*	*[●] Equity Shares aggregating up to ₹100 million*	*August 5, 2021*	*June 17, 2021*
5.	*Time Cap Pharma Labs Private Limited*	*[●] Equity Shares aggregating up to ₹100 million*	*August 5, 2021*	*July 1, 2021*
6.	*Shore Pharma LLC*	*[●] Equity Shares aggregating up to ₹98.98 million*	*July 30, 2021*	*July 19, 2021*
7.	*Ajay Kumar Bannai*	*[●] Equity Shares aggregating up to ₹88.93 million*	*August 5, 2021*	-
8.	*A. Raghava Reddy*	*[●] Equity Shares aggregating up to ₹48.06 million*	*August 5, 2021*	*August 3, 2021*
9.	*Suneel Dhawan*	*[●] Equity Shares aggregating up to ₹41.60 million*	*August 5, 2021*	-
10.	*K Prakurthi*	*[●] Equity Shares aggregating up to ₹28.50 million*	*August 5, 2021*	*August 2, 2021*
11.	*Navdeep Patyal*	*[●] Equity Shares aggregating up to ₹20.80 million*	*August 5, 2021*	*July 31, 2021*
12.	*Ashok Mayya*	*[●] Equity Shares aggregating up to ₹10.40 million*	*August 5, 2021*	-
13.	*Sangeeta Raju*	*[●] Equity Shares aggregating up to ₹9.91 million*	*August 5, 2021*	*August 2, 2021*
14.	*R Venkat Reddy*	*[●] Equity Shares aggregating up to ₹8.03 million*	*August 5, 2021*	*August 2, 2021*

S. No.	*Selling Shareholder*	*Number of Equity Shares offered in the Offer for Sale*	*Date of consent letter*	*Date of corporate action / board resolution / power of attorney*
15.	*TK Kurien*	*[●] Equity Shares aggregating up to ₹0.15 million*	*August 4, 2021*	*July 15, 2021*
16.	*Nithya Venkataramani*	*[●] Equity Shares aggregating up to ₹0.13 million*	*August 4, 2021*	*July 15, 2021*
17.	*Atul Gupta*	*[●] Equity Shares aggregating up to ₹0.13 million*	*August 4, 2021*	-
18.	*Manoj Jaiswal*	*[●] Equity Shares aggregating up to ₹0.13 million*	*August 4, 2021*	*July 15, 2021*
19.	*Rahul Garg*	*[●] Equity Shares aggregating up to ₹0.13 million*	*August 4, 2021*	*July 15, 2021*
20.	*Kollengode Ramanathan Lakshminarayana*	*[●] Equity Shares aggregating up to ₹0.05 million*	*August 4, 2021*	*July 15, 2021*
21.	*Bijou Kurien*	*[●] Equity Shares aggregating up to ₹0.05 million*	*August 4, 2021*	*July 15, 2021*

Each of the Selling Shareholders has severally and not jointly confirmed that their respective Offered Shares have been held by them for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI or have resulted from a bonus issue on Equity Shares held for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus, and are eligible for being offered for sale in the Offer, in terms of Regulation 8 of the SEBI ICDR Regulations. Our Company filed the Exemption Application with SEBI, seeking exemption from the strict applicability of Regulation 15(1)(b) and Regulation 8 of the SEBI ICDR Regulations in relation to the equity shares acquired by the Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to the public in the Offer being eligible towards minimum promoters' contribution. Further, the Exemption Application sought exemption from the requirement of equity shares being eligible to be offered for sale to the public by existing shareholders only if the equity shares have been held for a period of one year prior to the filing of the DRHP. The Exemption Application was acceded to by SEBI pursuant to its letter dated June 17, 2021.

**As of the date of this Draft Red Herring Prospectus, there are 15,911,807 outstanding Preference Shares. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to a maximum of up to 79,559,035 Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. The specific number of Equity Shares that each class of Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC. For further details, see "Capital Structure – Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

(3) The Employee Reservation Portion shall not exceed [●]% of our post-Offer paid-up Equity Share capital. Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. For further details, see "Offer Structure" on page 305. Unless the Employee Reservation Portion is under-subscribed, the value of allocation to an Eligible Employee Bidding in the Employee Reservation Portion shall not exceed ₹200,000. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion (after such allocation up to ₹500,000), shall be added to the Net Offer.

(4) Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹ [●] per Equity Share), which shall be announced two Working Days prior to the Bid/Offer Opening Date.

(5) Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 309.

(6) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Investor Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. Any undersubscription in the Employee Reservation Portion shall be added to the Net Offer. In the event of an under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Offer prior to the Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, the Offered Shares shall be allocated proportionately prior to the Equity Shares offered pursuant to the Fresh Issue.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see "*Offer Procedure*" on page 309. For details of the terms of the Offer, see "*Terms of the Offer*" on page 300.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Information for the years ended March 31, 2021, March 31, 2020 and March 31, 2019. The summary financial information presented below should be read in conjunction with "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 179 and 258.

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SUMMARY OF RESTATED CONSOLIDATED BALANCE SHEET

(All amounts are in ₹ in millions, except as otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	871.67	598.06	470.46
Capital work-in-progress	55.35	27.75	14.29
Goodwill	414.51	414.51	414.51
Other intangible assets	38.21	17.78	11.99
Intangible assets under development	-	21.62	-
Right-of-Use asset	3,848.73	3,164.23	2,876.86
Financial assets			
Loans	-	-	-
Others	550.59	473.43	391.83
Deferred tax assets (net)	386.07	401.57	498.47
Non-current tax assets	119.35	155.51	158.93
Other non-current assets	141.34	54.73	52.35
	6,425.82	**5,329.19**	**4,889.69**
CURRENT ASSETS			
Inventories	7,499.57	6,435.55	3,940.66
Current investments	0.33	2.54	-
Financial assets			
Trade receivables	53.67	64.00	87.54
Cash and cash equivalents	1,068.16	1,139.16	250.83
Bank balances other than above	117.79	267.76	248.24
Others	359.64	108.67	87.51
Other current assets	131.60	140.09	82.64
	9,230.76	**8,157.77**	**4,697.42**
TOTAL ASSETS	**15,656.58**	**13,486.96**	**9,587.11**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4.48	1.94	1.94
Other equity	7,301.05	5,276.08	2,911.43
Equity attributable to owners of the Company	**7,305.53**	**5,278.02**	**2,913.37**
Non controlling Interest	5.51	13.00	0.16
	7,311.04	**5,291.02**	**2,913.53**
LIABILITIES			
NON CURRENT LIABILITIES			
Financial liabilities			
Borrowings	-	-	-
Lease liability	4,001.05	3,193.39	2,840.34
Other financial liabilities	11.58	14.30	26.02
Deferred tax Liability (net)	-	-	0.29
Provisions	183.51	177.39	81.50
	4,196.14	**3,385.08**	**2,948.15**
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	1,352.35	1,050.51	1,044.02
Trade payables			
- total outstanding dues of micro enterprises and small enterprises; and	2.31	14.96	4.25
- total outstanding dues of creditors other than micro enterprises and small enterprises	1,478.67	2,326.55	1,576.97
Lease liability	548.74	528.97	401.13
Other financial liabilities	373.35	437.21	266.73
Other current liabilities	109.45	127.04	109.08
Provisions	194.54	171.08	119.86
Deferred revenue	82.42	130.24	199.90
Current tax liabilities (net)	7.57	24.30	3.50
	4,149.40	**4,810.86**	**3,725.44**
TOTAL LIABILITIES	**8,345.54**	**8,195.94**	**6,673.59**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
TOTAL EQUITY AND LIABILITIES	**15,656.58**	**13,486.96**	**9,587.11**

SUMMARY OF RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in ₹ in millions, except as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	30,692.69	28,706.03	22,727.37
Other income	215.45	172.84	122.03
Total income	**30,908.14**	**28,878.87**	**22,849.40**
EXPENSES			
Cost of goods sold	25,213.88	25,806.68	18,713.73
Cost of materials consumed	82.45	38.60	16.93
Increase in inventories of finished goods and work-in-progress	(1,054.40)	(2,479.90)	(290.39)
Employee benefits expense	3,386.51	2,724.02	2,113.73
Finance costs	548.45	467.96	500.03
Depreciation and amortisation expense	882.70	748.07	585.93
Net loss on fair value changes	-	322.97	-
Other expenses	897.57	956.88	981.93
Total expenses	**29,957.16**	**28,585.28**	**22,621.89**
Profit before tax	**950.98**	**293.59**	**227.51**
Tax expenses			
- Current tax including taxes relating to earlier years amounting to Rs. (0.05 millions) (31 March 2020: Rs.(23.28) millions, 31 March 2019: Rs. 5.12 millions)	306.55	172.84	119.04
- Deferred tax	13.32	102.81	(10.75)
Total tax expenses	**319.87**	**275.65**	**108.29**
Profit for the year	**631.11**	**17.94**	**119.22**
Other Comprehensive Income / (Loss) (OCI)			
Items not to be reclassified to profit or loss:			
Re-measurement loss on employee defined benefit plans	11.51	(30.79)	(21.69)
Income tax effect	(2.18)	7.49	7.28
Other comprehensive income for the year, net of tax	**9.33**	**(23.30)**	**(14.41)**
Total comprehensive income for the year	**640.44**	**(5.36)**	**104.81**
Profit for the year attributable to:			
Owners of the Company	638.58	21.80	119.21
Non-controlling interest	(7.47)	(3.86)	0.01
	631.11	**17.94**	**119.22**
Total comprehensive income attributable to:			
Owners of the Company	647.93	(1.50)	104.81
Non-controlling interest	(7.49)	(3.86)	(0.00)
	640.44	**(5.36)**	**104.81**
Earnings per equity share			
Basic earnings per share (Rs.)	30.64	1.05	5.76
Diluted earnings per share (Rs.)	29.38	1.01	5.52
Face value per share			
Equity shares	10	10	10
CCPS considered as equity	20	20	20

SUMMARY OF RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts are in ₹ in millions, except as otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	950.98	293.59	227.51
Adjustment for:			
Depreciation of property, plant and equipment	166.82	151.03	133.18
Amortisation of intangible assets	8.13	7.70	6.42
Amortisation on right-of-use Assets	708.47	589.34	446.33
Provision for gratuity and leave benefits	121.76	170.64	73.21
Provision for doubtful debts, deposits and advances	0.36	24.56	8.94
Finance costs	83.11	65.72	141.32
Interest on lease liability	465.34	402.24	338.76
Loss on sale/ discard of fixed assets	0.98	3.22	9.53
Advances/debts written off	0.70	1.54	5.08
Interest income	(77.94)	(85.94)	(35.60)
Employees stock option compensation expenses	399.60	0.76	26.47
Net loss on fair value changes	-	322.97	-
Deferred revenue	(48.29)	(70.89)	41.55
Gain on de-recognition of Right-of-use assets	(23.79)	-	-
Estimated future loss on sales returns	-	-	(1.15)
Liabilities no longer required written back	(30.79)	(28.78)	(18.92)
Operating profit before working capital changes	**2,725.45**	**1,847.70**	**1,402.63**
Movements in working capital:			
(Increase) in inventories	(1,064.02)	(2,494.89)	(308.19)
(Increase) in non-current financial assets	(100.78)	(97.50)	(19.76)
(Increase) in current financial assets	(242.43)	(20.02)	(23.86)
Decrease/(increase) in other assets	6.75	(58.69)	15.39
(Decrease)/increase in current financial liabilities	(911.10)	912.58	470.75
(Decrease)/increase in other current liabilities	(17.13)	47.87	68.87
(Decrease) in provisions	(80.67)	(54.31)	(13.52)
	316.07	**82.74**	**1,592.31**
Income tax paid (net)	(287.16)	(148.63)	(125.47)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**28.91**	**(65.89)**	**1,466.84**
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles including capital work-in-progress and capital advances	(542.58)	(302.11)	(217.56)
Proceeds from sale of property, plant and equipment	2.18	1.31	1.18
Proceeds from sale of investments	2.21	-	-
Acquisition of subsidiary, net of cash and cash equivalents	-	(9.13)	-
Proceeds from (Investment in) bank deposits (net)	149.97	(19.52)	(13.09)
Interest received	42.73	53.91	36.12
NET CASH USED IN INVESTING ACTIVITIES	**(345.49)**	**(275.54)**	**(193.35)**
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares	-	6.63	-
Proceeds from issue of Compulsorily Convertible Preference Shares	980.00	2,038.37	-
Repayment of Lease liabilities	(953.15)	(756.01)	(647.09)
Repayment of long term borrowings	-	-	(80.00)
Proceeds from/(repayments) of short term borrowings	-	(325.00)	40.00
Interest paid	(83.11)	(65.72)	(141.32)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(56.26)**	**898.27**	**(828.41)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(372.84)	556.84	445.08
Cash and cash equivalents at the beginning of the year	88.65	(468.20)	(913.28)
Cash and cash equivalents at the end of the year	**(284.19)**	**88.65**	**(468.20)**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Components of cash and cash equivalents			
Cash on hand	57.49	57.05	62.74
Bank deposits with original maturity of less than three months	865.00	878.03	6.20
Balance with banks in current accounts	145.67	204.08	181.89
Total cash and cash equivalents (refer note no. 15)	**1,068.16**	**1,139.16**	**250.83**
Less: Cash credit from bank (refer note no. 19)	(1,352.35)	(1,050.51)	(719.02)
Cash and cash equivalents for Cash flow statement	**(284.19)**	**88.65**	**(468.20)**
Movement in financial liabilities			
Opening balance			
Opening balance of borrowings other than cash credit facility	-	325.00	365.00
Interest accrued but not due on borrowings	-	0.66	-
Movement			
Cashflows	-	(325.00)	(40.00)
Interest expense	-	1.79	9.68
Interest paid	-	(2.45)	(9.02)
Closing balance			
Closing balance of borrowings other than cash credit facility	-	-	325.00
Interest accrued but not due on borrowings	-	-	0.66

GENERAL INFORMATION

Registered Office

MedPlus Health Services Limited
707, 7th Floor, 5-9-13
Taramandal Commercial Complex
Saifabad, Hyderabad 500 004
Telangana, India
CIN: U85110TG2006PLC051845
Registration Number: 051845

Corporate Office

MedPlus Health Services Limited
Municipal No: 11-6-56,
Survey No. 257 & 258/1, C Block, III Floor
Opp: Railway Siding (Moosapet), Kukatpally
Hyderabad 500 037
Telangana, India

Address of the RoC

Our Company is registered with the RoC situated at the following address:

Registrar of Companies, Telangana at Hyderabad
2nd Floor, Corporate Bhawan, GSI Post
Tattiannaram, Bandlaguda, Nagole
Hyderabad 500 068
Telangana

Company Secretary and Compliance Officer

Parag Jain
707, 7th Floor, 5-9-13
Taramandal Commercial Complex
Saifabad, Hyderabad 500 004
Telangana
India
Tel: +91 040 6724 6724
E-mail: cs@medplusindia.com

Board of Directors

As on the date of this Draft Red Herring Prospectus, our Board comprises the following:

Name	Designation	DIN	Address
Gangadi Madhukar Reddy	Managing Director and Chief Executive Officer	00098097	Flat No. 2400, Block No. 5B, Lodha Belleza, Kukatpally, Hyderabad 500 037, Telangana
Anish Kumar Saraf	Non-Executive Director	00322784	B-3002, 30th Floor, Raheja Vivarea, Sane Guruji Marg, Jacob Circle, Mumbai 400 011, Maharashtra
Atul Gupta	Non-Executive Director	06940578	A-1203, Salarpuria Sancity Sarjapur Road,Kaikondrahalli, Opposite Wipro Corporate Office Bangalore South, Bangalore 560 035, Karnataka
Murali Sivaraman	Non-Executive Independent Director	01461231	24th Floor, Tytan, A B Dubhash Marg, Napean Sea Road, Malabar Hill, Mumbai 400 006, Maharashtra
Madhavan Ganesan	Non-Executive Independent Director	01674529	C-2004/2005, Shreeji Heights, Plot-1, Palm Beach Road, Sector 46A, Nerul, Navi Mumbai 400 706, Maharashtra
Hiroo Mirchandani	Non-Executive Independent Director	06992518	Flat D1601, Ireo Uptown, Sector 66, Near St Xaviers High School, Golf Course Extension Road, Gurgaon 122 001, Haryana

For further details of our Board, see "*Our Management*" on page 156.

Investor Grievances

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed electronically with SEBI on SEBI's online portal and emailed to cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD" and also be uploaded on the platform provided by SEBI at https://siportal.sebi.gov.in, in accordance with Regulation 25(8) of the SEBI ICDR Regulations and the SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January19, 2018.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 shall be filed with the RoC and a copy of the Prospectus shall be delivered for filing under Section 26 of the Companies Act, 2013 to the RoC situated at Registrar of Companies, Telangana at Hyderabad, 2nd Floor, Corporate Bhawan, GSI Post, Tattiannaram, Bandlaguda, Nagole, Hyderabad 500 068, Telangana and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Running Lead Managers

Axis Capital Limited
1st Floor, Axis House
C-2, Wadia International Centre, P.B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: medplus.ipo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact person: Pratik Pednekar
SEBI Registration No: INM000012029

Credit Suisse Securities (India) Private Limited
9th Floor, Ceejay House, Plot F, Shivsagar Estate
Dr. Annie Besant Road, Worli
Mumbai 400 018
Maharashtra, India
Tel: +91 22 6777 3885
E-mail: list.medplusipo@credit-suisse.com
Investor grievance e-mail: list.igcellmer-bnkg@credit-suisse.com
Website: www.credit-suisse.com
Contact person: Abhishek Joshi
SEBI Registration No.: INM000011161

Edelweiss Financial Services Limited
6th Floor, Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: medplus.ipo@edelweissfin.com
Investor grievance e-mail:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact person: Dhruv Bhavsar
SEBI Registration No.: INM0000010650

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11 Plot F, Shivsagar Estate
Dr. Annie Besant Road, Worli
Mumbai 400 018
Maharashtra, India
Tel: +91 22 4037 4037
E-mail: medplusipo@nomura.com
Investor grievance e-mail: investorgrievances-in@nomura.com
Website:
www.nomuraholdings.com/company/group/asia/india/index.html
Contact person: Vishal Kanjani / Chirag Shah
SEBI Registration No: INM000011419

Syndicate Members

[●]

Legal Counsel to the Company and the Investor Selling Shareholder as to Indian Law

Cyril Amarchand Mangaldas
3rd Floor, Prestige Falcon Towers
19, Brunton Road
Bengaluru 560 025, Karnataka
India
Tel: +91 80 6792 2000

Legal Counsel to the BRLMs as to Indian Law

Shardul Amarchand Mangaldas & Co.
24th Floor, Express Towers
Nariman Point
Mumbai, 400 021
Maharashtra, India
Tel: +91 22 4933 5555

International Legal Counsel to the BRLMs

Sidley Austin LLP
Level 31, Six Battery Road
Singapore 049909
Tel: +65 6230 3900

Legal counsel to the Promoter Selling Shareholder

Samisti Legal LLP
T-202, Technopolis, 1-10-74/B
Above Ratnadeep Super Market
Chikoti Gardens, Begumpet
Hyderabad 500 016
Telangana, India
Tel: +91 95536 88330

Statutory Auditors to our Company

B S R & Associates LLP, Chartered Accountants
Salarpuria Knowledge City, Orwell, B Wing, 6th Floor, Unit-3
Sy.No.83/1, Plot No.2
Raidurg, Hyderabad 500081, India
Tel: +91 40 6111 6000
Email: arpanjain@bsraffiliates.com
Firm registration number: 116231W/W-100024
Peer review number: 011719

Changes in auditors

There have been no changes in our statutory auditors during the last three years preceding the date of this Draft Red Herring Prospectus.

Registrar to the Offer

KFin Technologies Private Limited
Selenium, Tower B
Plot No- 31 and 32, Financial District
Nanakramguda, Serilingampally
Hyderabad, Rangareedi 500 032
Telangana, India
Tel: 40 6716 2222/ 1800 309 4001
E-mail: medplus.ipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: Hanumantha Patri
SEBI Registration No.: INR000000221

Bankers to the Offer

[●]

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Bank(s)

[●]

Sponsor Bank

[●]

Bankers to the Company

Axis Bank Limited

6-3-879/B, 1st Floor, G Pulla Reddy Building
Greenlands, Begumpet Road, Hyderabad 500 016
Telangana, India
Telephone No: +91 81422 00081
Contact Person: Sridevi Raghu
Website: www.axisbank.com
E-mail: hyderabad.branchhead@axisbank.com

HDFC Bank Limited

FIG- OPS Department – Lodha I Think Techno Campus O-3 Level, next to Kanjurmarg, Railway Station, (Kanjurmarg (East), Mumbai 400 042, Maharashtra, India
Telephone No.: +91 22 3075 2927
Contact Person: Tushar Gavankar, Sidharth Jadhav, Prasanna Uchil, Neerav Desai
Website: www.hdfcbank.com
Email: tushar.gavankar@hdfcbank.com/
siddharth.jadhav@hdfcbank.com/
prasanna.uchil@hdfcbank.com/
neerav.desai@hdfcbank.com

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

SCSBs enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https:// www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 16, 2021 from B S R & Associates LLP, Chartered Accountants to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 3, 2021 on our Restated Consolidated Financial Information; and (ii) their report dated August 16, 2021 on the statement of tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has received written consent from Servel Krishna Engineers Pvt Ltd, Chartered Engineer, chartered engineer to include their name as an “expert” as defined under section 2(38) of the Companies Act in respect of the information in certificate dated August 16, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from GPHK & ASSOCIATES, Chartered Accountants, independent chartered accountants, to include their name as an “expert” as defined under section 2(38) of the Companies Act with respect to the information in certificate dated August 16, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated August 12, 2021 from Technopak Advisors Private Limited, to include their name as an “expert” as defined under section 2(38) of the Companies Act with respect to the Technopak Report and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Our Company will appoint a monitoring agency prior to the filing of the Red Herring Prospectus in accordance with Regulation 41 of the SEBI ICDR Regulations. The relevant details shall be included in the Red Herring Prospectus.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Credit Rating

As this is an Offer of Equity Shares, there is no credit rating required for the Offer.

IPO Grading

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As this is an offer of Equity Shares, the appointment of debenture trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

Sr. No	Activities	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, positioning strategy and due diligence of the Company including its operations/management/ business plans/legal etc. Drafting, design and finalizing of the draft red herring prospectus, red herring prospectus and prospectus and of statutory / newspaper advertisements including a memorandum containing salient features of the prospectus. The BRLMs shall ensure compliance with SEBI ICDR Regulations and stipulated requirements and completion of prescribed formalities with the stock exchanges, RoC and SEBI and RoC filings and follow up and coordination till final approval from all regulatory authorities.	Axis, Edelweiss, Credit Suisse, Nomura	Axis
2.	Drafting and approval of all statutory advertisement.	Axis, Edelweiss, Credit Suisse, Nomura	Axis
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including media monitoring, corporate advertising, brochure, etc. and filing of media compliance report.	Axis, Edelweiss, Credit Suisse, Nomura	Nomura

Sr. No	Activities	Responsibility	Coordination
4.	Appointment of Registrar to the Offer, Advertising Agency and Printer to the Offer including co-ordination for their agreements.	Axis, Edelweiss, Credit Suisse, Nomura	Axis
5.	Appointment of all other intermediaries and including co-ordination for all other agreements	Axis, Edelweiss, Credit Suisse, Nomura	Nomura
6.	International Institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy preparation of publicity budget; • Finalizing the list and division of international investors for one-to-one meetings; and • Finalizing international road show and investor meeting schedule.	Axis, Edelweiss, Credit Suisse, Nomura	Nomura
7.	Preparation of roadshow presentation and investor frequently asked questions	Axis, Edelweiss, Credit Suisse, Nomura	Credit Suisse
8.	Domestic Institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy preparation of publicity budget; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule.	Axis, Edelweiss, Credit Suisse, Nomura	Axis
9.	Non-Institutional and Retail marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies, preparation of publicity budget; • Finalise ad media and public relation strategy; • Finalising centers for holding conferences for stock brokers, investors, etc; • Finalising collection centers as per Schedule III of the SEBI ICDR Regulations; and • Follow-up on distribution of publicity and Offer material including application form, red herring prospectus, prospectus and brochure and deciding on the quantum of the Offer material.	Axis, Edelweiss, Credit Suisse, Nomura	Edelweiss
10.	Managing anchor book related activities and submission of letters to regulators post completion of anchor allocation and coordination with stock exchanges for book building process, filing of letters including for software, bidding terminals, mock trading and anchor investor intimation, and payment of 1% security deposit to DSE.	Axis, Edelweiss, Credit Suisse, Nomura	Edelweiss
11.	Managing the book and finalization of pricing in consultation with the Company and the Investor Selling Shareholder.	Axis, Edelweiss, Credit Suisse, Nomura	Nomura
12.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with registrar, SCSBs and banks, unblocking of application monies, intimation of allocation and dispatch of refund to bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to anchor investors, follow-up with bankers to the Offer and SCSBs to get quick estimates of collection and advising the issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, finalization of trading, dealing and listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar to the Offer, bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transaction tax ("**STT**") on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004. Co-ordination with SEBI and Stock Exchanges for Refund of 1% Security Deposit and Submission of all post Offer reports including the Initial and final Post Offer report to SEBI.	Axis, Edelweiss, Credit Suisse, Nomura	Edelweiss

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band, and minimum Bid Lot size will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders (subject to the Bid Amount being up to ₹200,000) and Eligible Employees Bidding in the Employee Reservation Portion (subject to the Bid Amount being up ₹500,000, net of Employee Discount, if any) can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis. Except for Allocation to RIBs and the Anchor Investors, allocation in the Offer will be on a proportionate basis.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 305 and 309, respectively.

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 309.

Underwriting Agreement

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after pricing of the Offer, the Basis of Allotment and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board, the resources of the abovementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(In ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A.	**AUTHORISED SHARE CAPITAL**(1)		
	32,233,000 Equity Shares of face value of ₹2 each	64,466,000	-
	21,950,000 preference shares of face value of ₹20 each	439,000,000	-
	Total	**503,466,000**	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AS ON THE DATE OF THE DRAFT RED HERRING PROSPECTUS (BEFORE THE OFFER AND PRIOR TO THE CONVERSION OF PREFERENCE SHARES)**(2) (3)		
	32,202,130 Equity Shares of face value of ₹2 each	64,404,260	-
	2,836,421 Series A CCPS of face value of ₹20 each	56,728,420	-
	8,956,480 Series B CCPS of face value of ₹20 each	179,129,600	-
	1,721,445 Series B1 CCPS of face value of ₹20 each	34,428,900	-
	1,676,418 Series B2 CCPS of face value of ₹20 each	33,528,360	-
	560,896 Series C1 CCPS of face value of ₹20 each	11,217,920	-
	160,147 Series C2 CCPS of face value of ₹20 each	3,202,940	-
	Total	**382,640,400**	
C.	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares aggregating up to ₹16,387.16 million(4)	[●]	[●]
	Of which		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹6,000 million (4)	[●]	[●]
	Offer for Sale of up to [●] Equity Shares by the Selling Shareholders aggregating up to ₹10,387.16 million(5)	[●]	[●]
	Which includes		
	Employee Reservation Portion of up to [●] Equity Shares(6)^	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER POST THE CONVERSION OF PREFERENCE SHARES**		
	111,761,165(2)	223,522,330	[●]
E.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER***		
	[●] Equity Shares of face value of ₹2 each	[●]	[●]
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		2,955,905,106
	After the Offer		[●]

* *To be included upon finalisation of Offer Price*

(1) *For details in relation to the changes in the authorised share capital of our Company in the last 10 years, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 142.*

(2) *As of the date of this Draft Red Herring Prospectus, there are 15,911,807 outstanding Preference Shares. For the terms of the Preference Shares, see "History and Certain Corporate Matters – Key terms of other subsisting material agreements - Terms of the outstanding Preference Shares" on page 153. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to a maximum of up to 79,559,035 Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations, and the terms of the Preference Shares, in the following manner:*

Preference shares	*Maximum number of resultant Equity Shares**
2,836,421 Series A CCPS	*Up to 14,182,105 Equity Shares*
8,956,480 Series B CCPS	*Up to 44,782,400 Equity Shares*
1,721,445 Series B1 CCPS	*Up to 8,607,225 Equity Shares*
1,676,418 Series B2 CCPS	*Up to 8,662,347 Equity Shares*
560,896 Series C1 CCPS	*Up to 4,479,900 Equity Shares*
160,147 Series C2 CCPS	*Up to 1,091,915 Equity Shares*
Total	***Up to 79,559,035 Equity Shares***

* *The maximum number of Equity Shares that each class of Preference Shares will convert to, is subject to the terms of conversion, including adjustments, applicable to such class of Preference Shares under the Shareholders Agreement. The final number of Equity Shares that each class of Preference Shares will convert into, shall be determined at the time of conversion prior to the filing of the RHP with the RoC. However, the overall number of Equity Shares that all classes of Preference Shares will convert into, shall be up to 79,559,035 Equity Shares*

(3) *15,911,807 Preference Shares shall be converted up to 79,559,035 Equity Shares prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. For the terms of the Preference Shares, see "History and Certain Corporate Matters – Key terms of other subsisting material agreements - Terms of the outstanding Preference Shares" on page 153.*

(4) *The Offer has been authorised by our Board of Directors on August 3, 2021. The Fresh Issue has been approved by our Board of Directors and our Shareholders pursuant to the resolutions passed at their meeting dated August 3, 2021 and August 5, 2021, respectively. Further, our Board has taken on record the intention and consent for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated August 5, 2021*

(5) *Each Selling Shareholder, severally and not jointly, confirms that their respective portion of the Offered Shares have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 of the SEBI ICDR Regulations or are otherwise eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations. Our Company filed the Exemption Application with SEBI, seeking exemption from the strict applicability of Regulation 15(1)(b) and Regulation 8 of the SEBI ICDR Regulations in relation to the equity shares acquired by the Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to the public in the Offer being eligible towards minimum promoters' contribution. Further, the Exemption Application sought exemption from the requirement of equity shares being eligible to be offered for sale to the public by existing shareholders only if the equity shares have been held for a period of one year prior to the filing of the DRHP. The Exemption Application was acceded to by SEBI pursuant to its letter dated June 17, 2021. For details on the authorization of each of the Selling Shareholders in relation to their respective Offered Shares, see "The Offer" on page 50.*

(6) *Eligible Employees bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (net of Employee Discount), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount).*

^ Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may offer an Employee Discount of up to [●]% to the Offer Price (equivalent of ₹[●] per Equity Share), which shall be announced at least two Working Days prior to the Bid/Offer Opening Date

Notes to the Capital Structure

1. **Share Capital History of our Company**

(i) ***Equity share capital***

The history of the equity share capital of our Company is set forth in the table below:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital
November 30, 2006	10,000	10	10	Cash	Initial subscription to Memorandum of Association(1)	10,000	100,000
January 25, 2007	52,577	10	10	Cash	Further issue(2)	62,577	625,770
February 7, 2007	30,000	10	7544.49	Cash	Further issue(3)	92,577	925,770
September 27, 2007	100	10	10	Cash	Issue of Class B equity shares(4)	92,677	926,770
November 19, 2007	45,720	10	17,498	Cash	Further issue(5)	138,397	1,383,970
	2,143	10	13,999	Cash	Further issue(6)	140,540	1,405,400
	4,662	10	16,907	NA*	Conversion of 7,881,900 Series A CCPS into equity shares(7)	145,202	1,452,020
November 19, 2007	Allotment of 100 equity shares to NEA-Indo US Venture Capital LLC upon reclassification of 100 Class B equity shares held by it					145,202	1,452,020
November 22, 2007	6,858	10	17,670	Cash	Further issue(8)	152,060	1,520,600
February 26, 2011	4,110	10	11,026.12	Cash	Allotment pursuant to exercise of employee stock options issued under ESOP Plan 2009 (9)	156,170	1,561,700
	5,563	10	5,791	Cash	Allotment pursuant to exercise of employee stock options issued under ESOP Plan 2009 (10)	161,733	1,617,330
March 4, 2011	16,173	10	37,098.18	Cash	Further issue(11)	177,906	1,779,060
December 15, 2017	1,607	10	43,562.33	Cash	Private placement (12)	179,513	1,795,130
	5,359	10	43,562.35	NA*	Conversion of 12,233,118 preference shares into equity shares(13)	184,872	1,848,720
February 2, 2018	18,763	10	43,562.46	NA	Conversion of 42,847,000 debentures into equity shares(14)	203,635	2,036,350.

April 10, 2019	100	10	66,295.10	Cash	Private placement [15]	203,735	2,037,350.
Allotments of Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus							
January 22, 2021	254,674	10	-	NA	Bonus issue in the ratio of 1.25 equity shares for every one equity share held [16]	458,409	4,584,090
July 9, 2021	Subdivision of Equity Shares from face value of ₹10 each to ₹2 each					2,292,045	4,584,090
August 5, 2021	29,910,085	2	-	NA	Conversion of Preference Shares into Equity Shares [17]	32,202,130	64,404,260
Total						**32,202,130**	**64,404,260**

* *Cash was paid at the time of allotment of the preference shares*

(1) *Allotment of 9,900 equity shares to Gangadi Madhukar Reddy and 100 equity shares to Cherukupalli Bhaskar Reddy*

(2) *Allotment of two equity shares to P. Srinivas, two equity shares to K. S. Murali Krishna, 1,092 equity shares to Ramesh Koneru, 842 equity shares to Emmaneul Bapana, 316 equity shares to Prashant Palwai, 842 equity shares to Koti Reddy Tera, 168 equity shares to Srinivas Panja, 589 equity shares to Madhukar Chelamcharla, 24,970 equity shares to Gangadi Madhukar Reddy, 421 equity shares to Surendranath Mantena, 421 equity shares to Ramagopal Tummuluri, 168 equity shares to Panduranga Rao Bichal, 84 equity shares to Praveen Armugasamy & Nishakarman, 421 equity shares to Srinivas Talloju, 168 equity shares to Rajesh Suri, 168 equity shares to Suneel Dhawan, 168 equity shares to Rakesh Suri, 168 equity shares to Sripathy Kethu, 84 equity shares to Navdeep Patyal, 84 equity shares to Ashok Mayya, 211 equity shares to Surender Ravi, 704 equity shares to Dr. Sridhar Bhaskara, 366 equity shares to Ajay Kumar Bannai, 3,526 equity shares to Sridhar Kotagiri, 424 equity shares to Apu Gupta, 14,482 equity shares to Srinivas Koppolu, 287 equity shares to Pratap Gunna, 296 equity shares to Sri Kalyana Bhaskara, 147 equity shares to Srinivas Ramolla, 80 equity shares to S. Phaneendra, 80 equity shares to S.Hari Prasada Rao, 159 equity shares to M. Pallam Raju, 64 equity shares to V.N.S.V. Prasad, 96 equity shares to V. Sowmya Sri, 159 equity shares to Reema Gupta, 159 equity shares to R.Santosh Kumar and 159 equity shares to G.V.N.Ranga Raju*

(3) *Allotment of 30,000 equity shares to iLabs Investment Fund II LLC*

(4) *Allotment of 100 Class B equity shares to NEA-Indo US Venture Capital LLC*

(5) *Allotment of 45,720 equity shares to Pharmaceutia Ventures Limited*

(6) *Allotment of 500 equity shares to Genteel Trading Company, 714 equity shares to Regal Corporate Advisors, 215 equity shares to Vishad P. Mafatlal & Rupal, and 714 Equity Shares to Vivek Mundra (H U F)*

(7) *Allotment of 4,662 Equity Shares to NEA-Indo US Venture Capital LLC upon conversion of 7,881,900 Series A CCPS held by it*

(8) *Allotment of 6,858 Equity Shares to NEA-Indo US Venture Capital LLC*

(9) *Allotment of 4,110 Equity Shares to MedPlus Employees Benefit Trust, represented by its trustee, Gangadi Madhukar Reddy*

(10) *Allotment of 5,563 Equity Shares to MedPlus Employees Benefit Trust, represented by its trustee, Gangadi Madhukar Reddy*

(11) *Allotment of 16,173 Equity Shares to IL&FS Trust Company Limited as trustee to TVS Sriram Growth Fund I*

(12) *Allotment of 969 Equity Shares to Gangadi Investments Private Limited and 638 Equity Shares to Pravesa Holdings Private Limited*

(13) *Allotment of 5,359 Equity Shares to Gangadi Investments Private Limited upon conversion of 12,233,118 preference shares of ₹10 held by it, in accordance with the terms of the preference shares and as approved by the board and shareholders of the Company pursuant to their resolutions dated December 15, 2017 and December 15, 2017, respectively*

(14) *Allotment of 18,763 Equity Shares to Gangadi Investments Private Limited upon conversion of 4,28,47,000 debentures of ₹ 10 each held by it, in accordance with the terms of the debentures and as approved by the board and shareholders of the Company pursuant to their resolutions dated February 2, 2018 and February 2, 2018, respectively*

(15) *Allotment of 100 Equity Shares to PI Opportunities Fund – I, a category II alternative investment fund registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, represented by its trustee Hasham Premji Private Limited*

(16) *Allotment of 148,799 Equity Shares to Gangadi Investments Private Limited, 48,330 Equity Shares to Gangadi Madhukar Reddy, 12,091 Equity Shares to MedPlus Employees Benefit Trust, represented by its trustee, Gangadi Madhukar Reddy, 5,000 Equity Shares to Pravesa Holdings Private Limited, 728 Equity Shares to A. Raghava Reddy, 246 Equity Shares to PVS Raju, 455 Equity Shares to Vivek Mudra (HUF), 263 Equity Shares to J. Kondal Rayudu, 449 Equity Shares to Ajay Kumar Bannai, 531 Equity Shares to Surendranath Mantena, 250 Equity Shares to Uma Kuman Nanduri, 250 Equity Shares to Jayalakshmi Puppala, 210 Equity Shares to Suneel Dhawan, 105 Equity Shares to Navdeep Patyal, 105 Equity Shares to Ashok Mayya, 81 Equity Shares to R. Venkata Reddy, 253 Equity Shares to P Rajya Lakshmi, 288 Equity Shares to K. Prakurthi, 219 Equity Shares to Sangeeta Raju, 26,666 Equity Shares to PI Opportunities Fund - I a category II alternative investment fund registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, represented by its trustee Hasham Premji Private Limited, 5,015 Equity Shares to S. S. Pharma, 1,499 Equity Shares to Shore Pharma, 1,223 Equity Shares to Natco Pharma, 1,221 Equity Shares to Time Cap Pharma, 69 Equity Shares to TK Kurien, 63 Equity Shares to Nithya Venkataramani, 63 Equity Shares to Atul Gupta, 63 Equity Shares to Rahul Garg, 63 Equity Shares to Manoj Jaiswal, 25 Equity Shares to Kollengode Ramanathan Lakshminarayana, 25 Equity Shares to Bijou Kurien, 13 Equity Shares to Ikram Noor Jaffer, and 13 Equity Shares to Ajitesh Murali Nair*

(17) *Allotment of 14,976,000 Equity Shares to Gangadi Madhukar Reddy upon conversion of 2,995,200 Series B CCPS held by it,6,660,575 Equity Shares to Agilemed Investments Private Limited upon conversion of 1,332,115 Series B1 CCPS held by it and 8,273,510 Equity Shares to Lone Furrow Investments Private Limited upon conversion of 1,654,702 Series B2 CCPS held by it in accordance with the terms of such CCPS and as approved by the board pursuant to their resolution dated August 5, 2021*

(ii) ***Preference share capital***

The history of the preference share capital of our Company is set forth in the table below:

Date of allotment	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of allotment	Cumulative number of preference shares	Cumulative paid-up preference share capital
Series A CCPS							
September 27, 2007	7,881,900	10	10	Cash	Allotment of Series A CCPS(1)	7,881,900	78,819,000
November 19, 2007	(7,881,900)	10	-	NA*	Conversion of Series A CCPS into Equity Shares(2)	-	-
March 16, 2019	Reclassification of preference shares from face value of ₹10 each to ₹20 each					-	-
April 10, 2019	30,747	20	66,295.10	Cash	Allotment of Series A CCPS(3)	30,747	614,940
January 22, 2021	38,434	20	-	NA	Bonus issue in the ratio of 1.25 Series A CCPS for every one Series A CCPS held(4)	69,181	1,383,620
February 6, 2021	2,767,240	20	-	NA	Bonus issue in the proportion of 40 bonus Series A CCPS for every one Series A CCPS held (5)	2,836,421	56,728,420
Total (A)	**2,836,421**						**56,728,420**
Series B CCPS^							
February 6, 2021	11,951,680	20	-	NA	Bonus issue in the proportion of 40 bonus Series B CCPS for every one equity share held (6)	11,951,680	239,033,600
August 5, 2021	(2,995,200)	20	-	NA	Conversion of Series B CCPS into Equity Shares(7)	8,956,480	179,129,600
Total (B)	**8,956,480**						**179,129,600**
Series B1 CCPS#							
February 6, 2021	3,053,560	20	-	NA	Bonus issue in the proportion of 40 bonus Series B1 CCPS for every one equity share held(8)	3,053,560	61,071,200
August 5, 2021	(1,332,115)	20	-	NA	Conversion of Series B1 CCPS into Equity Shares(9)	1,721,445	34,428,900
Total (C)	**1,721,445**						**34,428,900**
Series B2 CCPS@							
February 6, 2021	3,331,120	20	-	NA	Bonus issue in the	3,331,120	66,622,400

Date of allotment	Number of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Nature of consideration	Nature of allotment	Cumulative number of preference shares	Cumulative paid-up preference share capital
					proportion of 40 bonus Series B2 CCPS for every one equity share held(10)		
August 5, 2021	(1,654,702)	20	-	NA	Conversion of Series B2 CCPS into Equity Shares(11)	1,676,418	33,528,360
Total (D)	**1,676,418**						**33,528,360**
Series C1 CCPS							
February 9, 2021	560,896	20	1,386.88	Cash	Allotment of 560,896 Series C1 CCPS(12)	560,896	11,217,920
Total (E)	**560,896**						**11,217,920**
Series C2 CCPS							
February 9, 2021	160,147	20	1,386.88	Cash	Allotment of 160,147 Series C2 CCPS(13)	160,147	3,202,940
Total (F)	**160,147**						**3,202,940**
Redeemable preference shares							
November 10, 2014	12,233,118	10	10	Cash	Allotment of redeemable preference shares(14)	12,233,118	122,331,180
December 15, 2017	(12,233,118)	10	-	NA*	Conversion of 12,233,118 preference shares into equity shares(15)	-	-
Total (G)	**-**					**-**	**-**
Total (A+B+C+D+E+F+G)	**15,911,807**						**318,236,140**

* *Cash was paid at the time of allotment of the CCPS*

^ *Doesn't consider the Series B CCPS that were modified to Series B1 CCPS and Series B2 CCPS pursuant to the Board and Shareholders' resolution dated February 6, 2021 and February 6, 2021 respectively.*

The terms of the Series B CCPS held by Agilemed Investments Private Limited were modified to Series B1 CCPS pursuant to the Board and Shareholders' resolution dated February 6, 2021 and February 6, 2021, respectively.

@ *The terms of the Series B CCPS held by Lone Furrow Investments Private Limited were modified to Series B2 CCPS pursuant to the Board and Shareholders' resolution dated February 6, 2021 and February 6, 2021, respectively.*

(1) *Allotment of 7,881,900 Series A CCPS to NEA-Indo US Venture Capital* LLC

(2) *Allotment of 4,662 Equity Shares to NEA-Indo US Venture Capital LLC upon conversion of 7,881,900 Series A CCPS held by it*

(3) *Allotment of 30,747 Series A CCPS to PI Opportunities Fund – I, a category II alternative investment fund registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, represented by its trustee Hasham Premji Private Limited*

(4) *Allotment of 38,434 Series A CCPS to PI Opportunities Fund – I a category II alternative investment fund registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, represented by its trustee Hasham Premji Private Limited*

(5) *Allotment of 2,767,240 Series A CCPS to PI Opportunities Fund – I, a category II alternative investment fund registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, represented by its trustee Hasham Premji Private Limited*

(6) *Allotment of 2,995,200 Series B CCPS to Gangadi Madhukar Reddy, 870,560 Series B CCPS to Gangadi Madhukar Reddy (as trustee of MedPlus Employee Benefit Trust), 360,000 Series B CCPS to Pravesa Holdings Private Limited, 52,400 Series B CCPS to A Raghava Reddy, 17,720 Series B CCPS to PVS Raju, 32,760 Series B CCPS to Vivek Mundra (HUF), 18,920 Series B CCPS to J. Kondal Rayudu, 32,320 Series B CCPS to Ajay Kumar Bannai, 38,240 Series B CCPS to Surendranath Mantena, 18,000 Series B CCPS to Uma Kuman Nanduri, 18,000 Series B CCPS to Jayalakshmi Puppala, 15,120 Series B CCPS to Suneel Dhawan, 7,560 Series B CCPS to Navdeep Patyal, 7,560 Series B CCPS to Ashok Mayya, 5,840 Series B CCPS to R. Venkata Reddy, 18,200 Series B CCPS to P Rajya Lakshmi, 20,720 Series B CCPS to K. Prakurthi, 15,760 Series B CCPS to Sangeeta Raju, 1,919,960 Series B CCPS to Pl Opportunities Fund-1, 361,080 Series B CCPS to S. S. Pharma LLC, 107,920 Series B CCPS to Shore Pharma, 88,040 Series B CCPS to Natco Pharma, 87,920 Series B CCPS to Time Cap Pharma, 4,960 Series B CCPS to TK Kurien, 4520 Series B CCPS to Nithya Venkataramam, 4520 Series B CCPS to Atul Gupta, 4520 Series B CCPS to Rahul Garg, 4520 Series B CCPS to Manoj Jaiswal, 1800 Series B CCPS to Kollengode Ramanathan*

Lakshminarayana, 1800 Series B CCPS to Bijou Kurien, 920 Series B CCPS to Ikram Noor Jaffer, 920 Series B CCPS to Ajitesh Murali Nair, and 4,813,400 Series B CCPS to Lavender Rose Investment Ltd

(7) *Allotment of 14,976,000 Equity Shares to Gangadi Madhukar Reddy upon conversion of 2,995,200 preference shares of ₹20 held by it*

(8) *Allotment of 3,053,560 Series B1 CCPS to Agilemed Investments Private Limited*

(9) *Allotment of 6,660,575 Equity Shares to Agilemed Investments Private Limited upon conversion of 1,332,115 preference shares of ₹20 held by it*

(10) *Allotment of 3,331,120 Series B2 CCPS to Lone Furrow Investments Private Limited*

(11) *Allotment of 8,273,510 Equity Shares to Lone Furrow Investments Private Limited upon conversion of 1,654,702 preference shares of ₹20 held by it*

(12) *Allotment of 5,60,896 Series C1 CCPS to Lavender Rose Investment Ltd*

(13) *Allotment of 160,147 Series C2 CCPS to PI Opportunities Fund - I, category II alternative investment fund registered under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, represented by its trustee Hasham Premji Private Limited*

(14) *Allotment of 4,000,000 0.0001% redeemable preference shares to IL&FS Trust Company Limited in its capacity as trustee to TVS Shriram Growth Fund I, 4,000,000 0.0001% redeemable preference shares to IL&FS Trust Company Limited in its capacity as trustee to Indiaventure Trust – Fund 1 a scheme of Indiaventure Trust, 4,000,000 0.0001% redeemable preference shares to IL&FS Trust Company Limited in its capacity as trustee to Indiaventure Trust – Fund II a scheme of Indiaventure Advisors Trust, 180,000 0.0001% redeemable preference shares to M/s Merlin Holdings Private Limited and 53,118 0.0001% redeemable preference shares to M V Satyanarayana Raju*

(15) *Allotment of 5,359 Equity Shares to Gangadi Investments Private Limited upon conversion of 12,233,118 preference shares of ₹10 held by it*

As of the date of this Draft Red Herring Prospectus, there are 15,911,807 outstanding Preference Shares. For the terms of the Preference Shares, see "*History and Certain Corporate Matters – Key terms of other subsisting material agreements - Terms of the outstanding Preference Shares*" on page 153. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to a maximum of up to 79,559,035 Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations, and the terms of the Preference Shares, in the following manner:

Preference shares	**Maximum number of resultant Equity Shares***
2,836,421 Series A CCPS	Up to 14,182,105 Equity Shares
8,956,480 Series B CCPS	Up to 44,782,400 Equity Shares
1,721,445 Series B1 CCPS	Up to 8,607,225 Equity Shares
1,676,418 Series B2 CCPS	Up to 8,662,347 Equity Shares
560,896 Series C1 CCPS	Up to 4,479,900 Equity Shares
160,147 Series C2 CCPS	Up to 1,091,915 Equity Shares
Total	**Up to 79,559,035 Equity Shares**

**The maximum number of Equity Shares that each class of Preference Shares will convert to, is subject to the terms of conversion, including adjustments, applicable to such class of Preference Shares under the Shareholders Agreement. The final number of Equity Shares that each class of Preference Shares will convert into, shall be determined at the time of conversion prior to the filing of the RHP with the RoC. However, the overall number of Equity Shares that all classes of Preference Shares will convert into, shall be up to 79,559,035 Equity Shares*

2. **Offer of securities at a price lower than the Offer Price in the last year**

a) Our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during the last one year preceding the date of this Draft Red Herring Prospectus except as disclosed in the Share Capital History of our Company. For further details, please see "- *Share Capital History of our Company – Equity share capital*" on page 67.

b) Our Company has not issued any preference shares at a price that may be lower than the Offer Price during the last one year preceding the date of this Draft Red Herring Prospectus. For further details, please see "- *Share Capital History of our Company – Preference share capital*" on page 68.

3. **Offer of shares for consideration other than cash or by way of bonus issue or out of revaluation reserves**

(i) Our Company has not issued any equity shares or preference shares out of revaluation reserves since its incorporation.

(ii) Our Company has not issued any equity shares for consideration other than cash or by way of bonus issue except as disclosed in the Share Capital History of our Company. For further details, please see "- *Share Capital History of our Company*" on page 67.

For further details, please see "- *Share Capital History of our Company"* and *"History and Certain Corporate Matters"* on pages 67 and 141, respectively.

4. **Offer of Equity Shares pursuant to schemes of arrangement**

Our Company has not allotted any Equity Shares pursuant to of any scheme of arrangement approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013.

5. **History of the Share Capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters cumulatively hold 31,082,570 Equity Shares and 3,397,863 preference shares, constituting 96.52% of the issued, subscribed and paid-up pre-Offer Equity Share capital of our Company (43.01%* of the pre-Offer Equity Share capital on a fully diluted basis).

**Assuming conversion of Preference Shares and exercise of vested stock options. In accordance with the terms of the Preference Shares, assumes one CCPS of face value of ₹20 each is converted into five Equity Shares of face value of ₹2 each. The specific number of Equity Shares that each class of Preference shares shall convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

(a) Equity share capital

The build-up of the shareholding of our Promoters in our Company since incorporation:

Date of allotment/transfer and date on which Equity Shares were made fully paid-up^	Nature of transaction	No. of Equity Shares	Nature of consideration	Face Value per Equity Share (₹)	Offer Price per Equity Share (₹)	Percentage of the pre-Offer Equity share capital (%)^#	Percentage of the post-Offer capital (%)
Gangadi Madhukar Reddy							
November 30, 2006	Initial subscription to Memorandum of Association	9,900	Cash	10	10	47.67	[●]
January 25, 2007	Further issue	24,970	Cash	10	10		[●]
September 1, 2007	Transfer of equity shares(1)	644	Cash	10	10		[●]
September 12, 2008	Transfer of equity shares (2)	4	Cash	10	10		[●]
February 15, 2011	Transfer of equity shares (3)	288	Cash	10	6,504		[●]
February 28, 2011	Transfer of equity shares (4)	2,842	Cash	10	36,356		[●]
	Transfer of equity shares (5)	931	Cash	10	36,727		
March 2, 2011	Transfer of equity shares (6)	1,731	Cash	10	36,727		[●]
	Transfer of equity shares (7)	687	Cash	10	9,322		
March 7, 2011	Transfer of equity shares (8)	210	Cash	10	36,727		[●]
	Transfer of equity shares (9)	(5,727)	Cash	10	37,098		[●]
March 25, 2011	Transfer of equity shares (10)	(3,200)	Cash	10	37,098		[●]
January 20, 2021	Transfer of equity shares (11)	5,384	Cash	10	106,616.67		[●]
January 22, 2021	Bonus issue in the ratio of 1.25 equity shares for every one equity shares held	48,330	NA	10	-		[●]
February 5, 2021	Transfer of equity shares(121)	(12,114)	Cash	10	47,385.19		[●]
July 9, 2021	Subdivision of Equity Shares from face value of ₹10 each to ₹2 each						-
August 5, 2021	Conversion of 2,995,200 Series B CCPS into Equity Shares	1,4976,000	NA	2	NA*		[●]
Sub Total (A)		**15,350,400**				**47.67**	
Lone Furrow Investments Private Limited							
February 5, 2021	Transfer of equity shares(13)	83,278	Cash	10	36,023.92	26.99	[●]
July 9, 2021	Subdivision of Equity Shares from face value of ₹10 each to ₹2 each						-
August 5, 2021	Conversion of 1,654,702 Series B2 CCPS into Equity Shares	8,273,510	NA	2	NA*		[●]
Sub Total (B)		**8,689,900**				**26.99**	
Agilemed Investments Private Limited							
February 5, 2021	Transfer of equity shares(14)	76,339	Cash	10	36,023.52	21.87	[●]
July 9, 2021	Subdivision of Equity Shares from face value of ₹10 each to ₹2 each						-
August 5, 2021	Conversion of 1,332,115 Series B1 CCPS into Equity Shares	6,660,575	NA	2	NA*		[●]
Sub Total (C)		**7,042,270**				**21.87**	
Total (A+B+C)		**31,082,570**				**96.52**	

* *Cash was paid at the time of allotment of the CCPS*

^ *Does not take into account the conversion of 15,911,807 Preference Shares that would convert into Equity Shares prior to filing the Red Herring Prospectus with the RoC. The specific number of Equity Shares that each class of Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

(1) Transfer of 359 equity shares from Srinivas Koppolu to Gangadi Madhukar Reddy, 100 equity shares from Cherukupalli Bhaskar Reddy to Gangadi Madhukar Reddy, 87 equity shares from Sridhar Kotagirito to Gangadi Madhukar Reddy, 17 equity shares from Sridhar Bhaskara to Gangadi Madhukar Reddy, 10 equity shares from Apu Gupta to Gangadi Madhukar Reddy, eight equity shares from Ramesh Koneru to Gangadi Madhukar Reddy, eight equity shares from Sri Kalyana Bhaskara to Gangadi Madhukar Reddy, seven equity shares from Ajay Kumar Bannai to Gangadi Madhukar Reddy, seven equity Shares from Pratap Gunna to Gangadi Madhukar Reddy, four equity Shares from Prashanth Palwai to Gangadi Madhukar Reddy, four equity shares from M. Pallam Raju to Gangadi Madhukar Reddy, four equity shares from Reema Gupta to Gangadi Madhukar Reddy, four equity shares from R. Santosh Kumar to Gangadi Madhukar Reddy, four equity shares from G.V.N.Ranga Raju to Gangadi Madhukar Reddy, three equity shares from V. Sowmya Sri to Gangadi Madhukar Reddy, three equity shares from Srinivas Ramolla to Gangadi Madhukar Reddy, two equity shares from Emmaneul Bapana to Gangadi Madhukar Reddy, two equity shares from Koti Reddy Tera to Gangadi Madhukar Reddy, two equity shares from S. Phaneendra to Gangadi Madhukar Reddy, two equity shares from S. Hari Prasada Rao to Gangadi Madhukar Reddy, two equity shares from V.N.S.V. Prasad to Gangadi Madhukar Reddy, one equity share from Surendranath Mantena to Gangadi Madhukar Reddy, one equity share from Ramagopal Tummuluri to Gangadi Madhukar Reddy, one equity share from Srinivas Talloju to Gangadi Madhukar Reddy, one Equity Share from Surender Ravi to Gangadi Madhukar Reddy and one equity share from Madhukar Chelamcharla to Gangadi Madhukar Reddy

(2) Transfer of two equity shares from Paidiwar Srinivas to Gangadi Madhukar Reddy and two equity shares from K S Murali Krishna to Gangadi Madhukar Reddy

(3) Transfer of 288 equity shares from Sri Kalyan Bhaskara to Gangadi Madhukar Reddy

(4) Transfer of 414 equity shares from Apu Sorabh Gupta to Gangadi Madhukar Reddy, 336 equity shares from Madhukar Chelamcharla to Gangadi Madhukar Reddy, 420 equity shares from Ramagopal Tumuluri to Gangadi Madhukar Reddy, 1,084 equity shares from Ramesh Koneru to Gangadi Madhukar Reddy, 420 equity shares from Srinivas Talloju to Gangadi Madhukar Reddy, and 168 equity shares from Sripathi Kethu to Gangadi Madhukar Reddy

(5) Transfer of 155 Equity Shares from G.V.N Ranga Raju to Gangadi Madhukar Reddy, 155 equity shares from M. Pallam Raju to Gangadi Madhukar Reddy, 155 equity shares from R. Santosh Kumar to Gangadi Madhukar Reddy, 155 equity shares from Reema Gupta to Gangadi Madhukar Reddy, 78 equity shares from S. Phaneendra to Gangadi Madhukar Reddy, 78 equity shares S. Hari Prasada Rao to Gangadi Madhukar Reddy, 93 equity shares from V. Sowmya Sri to Gangadi Madhukar Reddy and 62 Equity Shares from V.N.S.V. Prasad to Gangadi Madhukar Reddy

(6) Transfer of 84 equity shares from B Gopal Rao to Gangadi Madhukar Reddy, 140 equity shares from Gunna Praveena to Gangadi Madhukar Reddy, 420 equity shares from Kondal Rayudu to Gangadi Madhukar Reddy, 210 equity shares from M V Satyanarayana Raju to Gangadi Madhukar Reddy, 72 equity shares from Narayana Rao Rumalla to Gangadi Madhukar Reddy, 84 equity shares from P Kanta Rao to Gangadi Madhukar Reddy, 156 Equity Shares from Palwai Sitaram Reddy to Gangadi Madhukar Reddy, 145 equity shares from R Venkat Reddy to Gangadi Madhukar Reddy and 420 Equity Shares from Tera Padmamma to Gangadi Madhukar Reddy

(7) Transfer of 687 equity shares from Makkena Raja Rajeshwari to Gangadi Madhukar Reddy

(8) Transfer of 84 equity shares from K Arumugasamy to Gangadi Madhukar Reddy and 126 equity shares from Cherukupalli Bhaskar Reddy to Gangadi Madhukar Reddy

(9) Transfer of 5,727 equity shares from Gangadi Madhukar Reddy to IL&FS Trust Company Limited (IndiaVenture Trust)

(10) Transfer of 539 equity shares from Gangadi Madhukar Reddy to N Laxminarayana and 2,661 equity shares from Gangadi Madhukar Reddy to IL&FS Trust Company Limited (TVS Trust)

(11) Transfer of 3,041 equity shares from Pravesa Holdings Private Limited to Gangadi Madhukar Reddy, 350 equity shares from Vivek Mundra (HUF) to Gangadi Madhukar Reddy, 593 equity shares from Sridhar Kotagiri to Gangadi Madhukar Reddy, 210 equity shares from J. Kondal Rayudu to Gangadi Madhukar Reddy, 420 equity shares from Koti Reddy Tera to Gangadi Madhukar Reddy, 92 equity shares from Deepabhupathi Raju to Gangadi Madhukar Reddy, 156 equity shares from Palwai Sitaram Reddy to Gangadi Madhukar Reddy, 140 equity shares from Gunna Praveena to Gangadi Madhukar Reddy, 126 equity shares from Cherukupalli Bhaskar Reddy to Gangadi Madhukar Reddy, 84 equity shares from P. Kanta Rao to Gangadi Madhukar Reddy, 72 equity shares from Srinivas Rumalla to Gangadi Madhukar Reddy and 100 equity shares from Sangeeta Raju to Gangadi Madhukar Reddy

(12) Transfer of 12,114 equity shares from Gangadi Madhukar Reddy to Lavender Rose Investment Ltd

(13) Transfer of 83,278 equity shares from Gangadi Investments Private Limited to Lone Furrow Investments Private Limited

(14) Transfer of 76,339 equity shares from Gangadi Investments Private Limited to Agilemed Investments Private Limited

All the Equity Shares and Preference Shares held by our Promoters were fully paid-up on the respective dates of allotment/acquisition of such Equity and Preference Shares.

As at the date of this Draft Red Herring Prospectus, our Corporate Promoters, namely, (i) our Corporate Promoter, Lone Furrow Investments Private Limited has pledged 1,676,418 Series B2 CCPS held by it in favour of Zash Traders (through the Zash Debenture Trustee) ("**Pledge A Shares**") aggregating 7.50%^ of the pre-Offer equity share capital of our Company, on a fully diluted basis; and (ii) our Corporate Promoter, Agilemed Investments Private Limited has pledged 1,721,445 Series B1 CCPS held by it in favour of Morning Brook Investment Ltd (through the Morning Brook Debenture Trustee) ("**Pledge B Shares**") and collectively with Pledge A Shares, the "**Pledge Shares**") aggregating 7.70%^ of the pre-Offer equity share capital of our Company, on a fully diluted basis, as collateral for loan arrangements entered into with Vistra ITCL (India) Limited ("**Vistra**"), which is the debenture trustee, to which our Corporate Promoters are parties. For further details, see "*Risk Factors*" and "*History and Certain Corporate Matters*" on pages 25 and 141, respectively.

^Assuming conversion of Preference Shares and exercise of vested stock options. In accordance with the terms of the preference shares, assumes one CCPS of face value of ₹20 each is converted into five Equity Shares of face value of ₹2 each.

Except as disclosed above, none of the Equity Shares or preference shares held by our Promoters are pledged or otherwise encumbered.

(b) ***Details of Promoters contribution and lock-in:***

(i) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters (assuming full conversion of the Series B CCPS, Series B1 CCPS, Series B2 CCPS and vested options, if any, under the ESOP Plan), shall be locked in for a period of 18 months as minimum Promoter's contribution from the date of Allotment and the shareholding of the Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment.

(ii) Details of the Equity Shares held by our Promoter to be locked-in for 18 months from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Name of Promoter	**Number of Equity Shares locked-in**	**Date of allotment/transfer of Equity Shares and when made fully paid-up**	**Nature of transaction**	**Face Value per Equity Share (₹)**	**Offer/ Acquisition price per Equity Share (₹)**	**Percentage of the pre-Offer paid-up capital (%)**	**Percentage of the post-Offer paid-up capital (%)**	**Date up to which Equity Shares are subject to lock-in**
Gangadi Madhukar Reddy	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Agilemed Investments Private Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Lone Furrow Investments Private Limited	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated in the Prospectus

(iii) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

(iv) Our Individual Promoter and Corporate Promoters have given their consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoter's Contribution as required under the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoters, see " - *History of the Share Capital held by our Promoters*" on page 72.

(v) In this connection, please note that:

(a) Our Company filed the Exemption Application with SEBI, seeking exemption from the strict applicability of Regulation 15(1)(b) and Regulation 8 of the SEBI ICDR Regulations in relation to the equity shares acquired by the Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to the public in the Offer being eligible towards minimum promoters' contribution. Further, the Exemption Application sought exemption from the requirement of equity shares being eligible to be offered for sale to the public by existing shareholders only if the equity shares have been held for a period of one year prior to the filing of the DRHP. The Exemption Application was acceded to by SEBI pursuant to its letter dated June 17, 2021. The Equity Shares offered for Promoter's contribution includes (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, or (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of minimum Promoter's contribution.

(b) Except as stated above, the minimum Promoter's contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer.

(c) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

(d) The Equity Shares forming part of the Promoter's contribution are not subject to any pledge.

(e) All the Equity Shares held by the Promoters are held in dematerialised form.

(c) Other lock-in requirements:

(i) In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by the Promoters locked in for 18 months as specified above, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of six months from the date of Allotment except for (i) the Equity Shares offered pursuant to the Offer for Sale; (ii) any Equity Shares held by the eligible employees (whether currently employees or not) of our Company which have been or will be allotted to them under the ESOP Plan 2009 and ESOP Plan 2021; and (iii) the Equity Shares held by VCFs or Category I AIF or Category II AIF or FVCI, subject to certain conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least six months from the date of purchase by the VCFs or Category I AIF or Category II AIF or FVCI.

(ii) Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's contribution from the date of filing this Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(iii) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment. The Equity Shares held by any person other than our Promoters and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the Takeover Regulations.

(iv) Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan with a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking Financial Company or a deposit accepting housing finance company, subject to the following:

(a) With respect to the Equity Shares locked-in for six months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan.

(b) With respect to the Equity Shares locked-in as Promoter's Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock in applicable with the transferee for the remaining period and compliance with provisions of the Takeover Regulations. Further, the Equity Shares held by persons other than our Promoters prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in with the transferee and compliance with the provisions of the Takeover Regulations, as applicable.

6. **Shareholding Pattern of our Company**

The table below presents the equity shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)^*	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)^*	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								Number of Voting Rights		Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)^*	As a % of total Shares held (b) on a fully diluted basis^*#	
								Class: Equity Shares	Total								
(A)	Promoter and Promoter Group	3	31,082,570	-	-	31,082,570	96.52	31,082,570	31,082,570	96.52	16,989,315	43.01#	-	-	16,989,315	15.20	31,082,570
(B)	Public	65	1,067,975	-	-	1,067,975	3.32	1,067,975	1,067,975	3.32	62,103,320	56.52#	-	-	3,910,065	3.50	1,015,530
(C)	Non Promoter-Non Public	1	51,585	-	-	51,585	0.16	51,585	51,585	0.16	466,400	0.46#	-	-	13,000	0.01	51,585
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	1	51,585	-	-	51,585	0.16	51,585	51,585	0.16	466,400	0.46	-	-	13,000	0.01	51,585
	Total (A+B+C)	**69**	**32,202,130**	**-**	**-**	**32,202,130**	**100.00**	**32,202,130**	**32,202,130**	**100.00**	**79,559,035**	**100.00**	**-**	**-**	**20,912,380**	**18.71**	**32,149,685**

^ *In accordance with the terms of the preference shares, assumes one CCPS of face value of ₹20 each is converted into five Equity Shares of face value of ₹2 each. The specific number of Equity Shares that each class of preference shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

* *For the terms of the Preference Shares, see "History and Certain Corporate Matters – Key terms of other subsisting material agreements - Terms of the outstanding Preference Shares" on page 153. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to a maximum of up to 79,559,035 Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations, and the terms of the Preference Shares. For details, see "- Share Capital History of our Company – Preference Share Capital" on page 68.*

Assuming conversion of Preference Shares and exercise of vested stock options

7. **Details of equity shareholding of the major Shareholders of our Company**

(i) The Shareholders holding 1% or more of the paid-up Equity Share capital on a fully diluted basis, of our Company and the number of shares held by them as on the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%) of total shareholding	Number of Equity Shares on a fully diluted basis*^	Percentage of the pre- Offer Equity Share capital (%)*^
1.	Lavender Rose Investment Ltd	601,675	1.87	27,473,155	24.58
2.	Lone Furrow Investments Private Limited	8,689,900	26.99	17,071,990	15.28
3.	Agilemed Investments Private Limited	7,042,270	21.87	15,649,495	14.00
4.	Gangadi Madhukar Reddy	15,350,400	47.67	15,350,400	13.74
5.	PI Opportunities Fund – I	239,995	0.75	24,822,635	22.21
6.	S. S. Pharma LLC	45,135	0.14	1,850,535	1.66
7.	Pravesa Holdings Private Limited	45,000	0.14	1,845,000	1.65
8.	Cherukupalli Bhaskar Reddy#	-	-	1,327,000	1.19
	Total	**32,014,375**	**99.42**	**105,390,210**	**94.30**

* *Assuming conversion of the Preference Shares and exercise of vested stock options. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to a maximum of up to 79,559,035 Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

\# *Cherukupalli Bhaskar Reddy holds 265,400 Series B CCPS in our Company as on the date of filing the Draft Red Herring Prospectus and is entitled to receive 33,175 Equity Shares pursuant to exercise of vested stock options, which are currently held by the MedPlus Employees Benefit Fund, such Equity Shares are yet to be transferred from MedPlus Employees Benefit Fund to Cherukupalli Bhaskar Reddy. For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

^ *In accordance with the terms of the preference shares, assumes one CCPS of face value of ₹20 each is converted into five Equity Shares of face value of ₹2 each. The specific number of Equity Shares that each class of preference shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

(ii) The Shareholders holding 1% or more of the paid-up Equity Share capital on a fully diluted basis, of our Company and the number of shares held by them 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%) of total shareholding	Number of Equity Shares on a fully diluted basis*^	Percentage of the pre- Offer Equity Share capital (%)*^
1.	Lavender Rose Investment Ltd	601,675	1.87	27,473,155	24.58
2.	Lone Furrow Investments Private Limited	8,689,900	26.99	17,071,990	15.28
3.	Agilemed Investments Private Limited	7,042,270	21.87	15,649,495	14.00
4.	Gangadi Madhukar Reddy	15,350,400	47.67	15,350,400	13.74
5.	PI Opportunities Fund – I	239,995	0.75	24,822,635	22.21
6.	S. S. Pharma LLC	45,135	0.14	1,850,535	1.66
7.	Pravesa Holdings Private Limited	45,000	0.14	1,845,000	1.65
8.	Cherukupalli Bhaskar Reddy#	-	-	1,327,000	1.19
	Total	**32,014,375**	**99.42**	**105,390,210**	**94.30**

* *Assuming conversion of the Preference Shares and exercise of vested stock options. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to a maximum of up to 79,559,035 Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. For further details, see " – Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

^ *In accordance with the terms of the preference shares, assumes one CCPS of face value of ₹20 each is converted into five Equity Shares of face value of ₹2. The specific number of Equity Shares that each class of preference shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

\# *Cherukupalli Bhaskar Reddy holds 265,400 Series B CCPS in our Company as on the date of filing the Draft Red Herring Prospectus and is entitled to receive 33,175 Equity Shares pursuant to exercise of vested stock options, which are currently held by the MedPlus Employees*

Benefit Fund, such Equity Shares are yet to be transferred from MedPlus Employees Benefit Fund to Cherukupalli Bhaskar Reddy. For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.

(iii) The Shareholders holding 1% or more of the paid-up Equity Share capital on a fully diluted basis, of our Company and the number of shares held by them one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%) of total shareholding	Number of Equity Shares on a fully diluted basis*^	Percentage of the pre- Offer Equity Share capital (%)*^
1.	Gangadi Investments Private Limited	119,039	58.43	119,039	50.77
2.	Gangadi Madhukar Reddy	33,280	16.33	33,280	14.19
3.	PI Opportunities Fund - I	21,333	10.47	52,080	22.21
4.	MedPlus Employees Benefit Fund, represented by its trustee, Gangadi Madhukar Reddy	9,673	4.75	9,673	4.13
5.	Pravesa Holdings Private Limited	7,041	3.46	7,041	3.00
6.	S.S. Pharma	4,012	1.97	4,012	1.71
	Total	**194,378**	**95.41**	**225,125**	**96.01**

* *Assuming conversion of the Preference Shares and exercise of vested stock options. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

^ *In accordance with the terms of the preference shares, assumes one CCPS of face value of ₹20 each is converted into one Equity Shares of face value of ₹10 each as was the situation one year prior to Draft Red Herring Prospectus. The specific number of Equity Shares that each class of Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

(iv) The Shareholders holding 1% or more of the paid-up Equity Share capital on a fully diluted basis, of our Company and the number of shares held by them two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%) of total shareholding	Number of Equity Shares on a fully diluted basis*^	Percentage of the pre- Offer Equity Share capital (%)*^
1.	Gangadi Investments Private Limited	147,438	72.37	147,438	62.88
2.	Gangadi Madhukar Reddy	33,280	16.33	33,280	14.19
3.	PI Opportunities Fund - I	100	0.05	30,847	13.16
4.	MedPlus Employees Benefit Fund, represented by its trustee, Gangadi Madhukar Reddy	9,673	4.75	9,673	4.13
5.	Pravesa Holdings Private Limited	7,041	3.46	7,041	3.00
	Total	**197,532**	**96.96**	**228,279**	**97.35**

* *Assuming conversion of the Preference Shares and exercise of vested stock options. For the terms of the Preference Shares, see "History and Certain Corporate Matters" on page 141. The Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, will convert to Equity Shares pursuant to the terms and conditions of the Preference Shares, prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

^ *In accordance with the terms of the preference shares, assumes one CCPS of face value of ₹20 each is converted into one Equity Shares of face value of ₹10 each as was the situation two years prior to Draft Red Herring Prospectus. The specific number of Equity Shares that each class of Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

8. **Details of Equity Shares held by our Directors, Key Managerial Personnel, Promoters and Promoter Group**

(i) Set out below are details of the Equity Shares held by Directors and Key Managerial Personnel of our Company:

S. No.	Name	No. of Equity Shares	No. of employee stock options vested	No. of employee stock options not vested	Percentage of the pre-Offer Equity Share Capital (%)^**	Percentage of the post-Offer of Equity Share Capital (%)
Directors						

S. No.	Name	No. of Equity Shares	No. of employee stock options vested	No. of employee stock options not vested	Percentage of the pre-Offer Equity Share Capital (%)^**	Percentage of the post-Offer of Equity Share Capital (%)
1.	Gangadi Madhukar Reddy*	15,350,400	-	-	47.67	[●]
2.	Atul Gupta*	565	-	-	0.00	[●]
Total (A)		**15,350,965**	**-**	**-**	**47.67**	**[●]**
Key Managerial Personnel						
1.	Hemanth Kundavaram	-	-	100	-	[●]
2.	Cherukupalli Bhaskar Reddy#*	0	-	-	0.00	[●]
3.	Surendranath Mantena	21,655	-	-	0.07	[●]
4.	Kandasamy Vairaperumal	3,375	-	-	0.01	[●]
5.	Venugopal Siripuram	2,250			0.00	[●]
6.	Lakshman Kandarpa	-	-	400	-	[●]
7.	Parag Jain	-	-	5	-	[●]
Total (B)		**27,280**	**-**	**505**	**0.08**	**[●]**
Total (A+B)		**15,378,245**	**-**	**505**	**47.76**	**[●]**

\# *Atul Gupta also holds 4,520 Series B CCPS in the Company. Cherukupalli Bhaskar Reddy holds 265,400 Series B CCPS in our Company as on the date of filing the Draft Red Herring Prospectus and is entitled to receive 33,175 Equity Shares pursuant to exercise of vested stock options, which are currently held by the MedPlus Employees Benefit Fund, such Equity Shares are yet to be transferred from MedPlus Employees Benefit Fund to Cherukupalli Bhaskar Reddy. For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

** *Certain shares held by our Key Managerial Personnel are pledged to certain lenders.*

^ *Not assuming dilution pursuant to exercise of vested employee stock options and the conversion of the Preference Shares, which will be undertaken prior to filing of the Red Herring Prospectus with the RoC. For details of the shareholding of the Promoters in the Company, on a fully diluted basis, assuming conversion of the Preference shares and exercise of vested stock options, see " - Details of equity shareholding of the major Shareholders of our Company" on page 77*

**Also, Directors on the board of directors of our Corporate Promoters. For details, see "Our Promoters and Promoter Group" on page 173.*

(ii) As on the date of this Draft Red Herring Prospectus, our Promoters and members of our Promoter Group hold an aggregate of 31,082,570 Equity Shares, aggregating to 96.52% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company.

Sr. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)*	Percentage of the post-Offer Equity Share Capital (%)
Promoters				
1.	Lone Furrow Investments Private Limited^	8,689,900	26.99	[●]
2.	Agilemed Investments Private Limited#	7,042,270	21.87	[●]
3.	Gangadi Madhukar Reddy	15,350,400	47.67	[●]
Total		**31,082,570**	**96.52**	

* *Not assuming dilution pursuant to exercise of vested employee stock options and the conversion of the Preference Shares, which will be undertaken prior to filing of the Red Herring Prospectus with the RoC. For details of the shareholding of the Promoters in the Company, on a fully diluted basis, assuming conversion of the Preference shares and exercise of vested stock options, see " - Details of equity shareholding of the major Shareholders of our Company" on page 77*

^ *Lone Furrow Investments Private Limited also holds 1,676,418 Series B2 CCPS in our Company which shall be converted into Equity Shares prior to filing of RHP with RoC.*

\# *Agilemed Investments Private Limited also holds 1,721,445 Series B1 CCPS in our Company which shall be converted into Equity Shares prior to filing of RHP with RoC.*

For further details, see "– Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.

Other than the Promoters, the members of the Promoter Group do not hold any shares in the Company.

For further details, see "*Our Promoters and Promoter Group*" and "*Our Management*" on pages 173 and 156, respectively.

(iii) The directors on the board of directors of our Corporate Promoters hold certain Equity Shares and employee stock options in the Company. For details, see "*- Details of Equity Shares held by our Directors, Key Managerial Personnel, Promoters and Promoter Group*" on page 78.

9. **ESOP Plan 2009**

Our Company, pursuant to the resolutions passed by the Board on November 16, 2009 adopted the ESOP Plan 2009. The ESOP Plan 2009 was last modified pursuant to the resolutions passed by the Board and the Shareholders of the Company on August 9, 2021 and August 9, 2021, respectively approved the ESOP scheme. The maximum number of shares that may be issued pursuant to the exercise of options granted to participants under the ESOP Plan 2009 shall not exceed 9,673 Equity Shares (as adjusted for any corporate actions). Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share* per employee stock option. The ESOP Plan 2009 provides that the maximum number of options granted to any grantee shall not exceed 2,000 of the issued share capital* (excluding outstanding warrants and conversions) at the date of the grant of options under one or more of the ESOP schemes unless an approval of the Shareholders is taken by way of special resolution in a general meeting. The objectives of ESOP Plan 2009 are to attract, reward, motivate and retain its employees for high levels of individual performance and for unusual efforts to improve the financial performance of the Company, which will ultimately contribute to the success of the Company. This purpose is sought to be achieved through the grant of options to the eligible employees under ESOP Plan 2009 to purchase shares of the Company through MedPlus Employees Benefit Trust. Presently, the trustee of the MedPlus Employees Benefit Trust is Srinivas Reddy.

**(Prior to considering (i) equity bonus issue in the ratio of 1.25 equity shares for every one equity share held done by the Company on January 22, 2021, (ii) CCPS B bonus issue in the proportion of 40 bonus Series B2 CCPS for every one equity share held done by the Company on February 6, 2021 and (iii) subdivision of Equity Shares of face value of Rs. 10 each to Rs. 2 each done by the Company on July 9, 2021)*

The ESOP Plan 2009 have been framed in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. SEBI has on August 13, 2021 notified the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SBEB Regulations 2021**"). The Company is in the process of assessing the impact of the SBEB Regulations 2021 and will modify the ESOP Plan 2009 to comply with the SBEB Regulations 2021 prior to the filing of the Red Herring Prospectus.

The Company As on the date of the Draft Red Herring Prospectus 12,335 employee stock options of face value ₹ 2 each have been granted by our Company out of which 8,744 employee stock options of face value ₹ 2 each have been exercised under the ESOP Plan 2009. The details of the ESOP Plan 2009 are as follows:

Particulars	**Details**			
Options granted	**Fiscal 2019**	**Fiscal 2020**	**Fiscal 2021**	**From April 1, 2021 till the date of this certificate**
	35	0	403	562
	Cumulative options granted as on Aug 11, 2021: 12,335			
No. of employees to whom options were granted	**Fiscal 2019**	**Fiscal 2020**	**Fiscal 2021**	**From April 1, 2021 till the date of this certificate**
	1	0	3	12
	Cumulative options granted as on Aug 11. 2021: 12,335			
Options vested [(including options that have been exercised)]	11,725			
Options exercised	8,744			
Options forfeited/ lapsed/ cancelled	2,665			
Options outstanding (including vested and unvested options)	926			
Exercise price of options	Rs. 6,510 [Weighted Average]			
Total no. of Equity/CCPS Shares that would arise as a result of full exercise of options granted [(net of forfeited/ lapsed/ cancelled options)]	1,08,820 Equity shares of Rs 2 each 8,70,560 Series B CCPS of Rs 10 Each			
Variation in terms of options	Exercise price for the options granted in FY 2018, FY 2019 has been changed from Rs.43,562 to Rs.10 and Rs.37,099 per share			
Money realised by exercise of options	Nil. Money is yet to be received from Trust			
Total no. of options in force	926			
Employee wise details of options granted to				

<table>
<tr>
<td>(i) Key management personnel</td>
<td>
<table>
<tr><th>Name of KMP</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>Fiscal 2021</th><th>From April 1, 2021 till the date of this certificate</th></tr>
<tr><td>Bhaskar Reddy Cherukupalli</td><td>-</td><td>-</td><td>339</td><td>-</td></tr>
<tr><td>Lakshman Kandarpa</td><td>-</td><td>-</td><td>-</td><td>400</td></tr>
<tr><td>Parag Jain</td><td>-</td><td>-</td><td>-</td><td>5</td></tr>
<tr><td>Hemanth Kundavaram</td><td>-</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
</table>
</td>
</tr>
<tr>
<td>(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td>
<td>
<table>
<tr><th>Name of employee</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>Fiscal 2021</th><th>From April 1, 2021 till the date of this certificate</th></tr>
<tr><td>Rajgopal</td><td>35</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Arpit Jain</td><td>-</td><td>-</td><td>40</td><td>-</td></tr>
<tr><td>Venkat Teja</td><td>-</td><td>-</td><td>24</td><td>-</td></tr>
</table>
</td>
</tr>
<tr>
<td>(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td>
<td>
<table>
<tr><th>Name of employee</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>Fiscal 2021</th><th>From April 1, 2021 till the date of this certificate</th></tr>
<tr><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
</table>
</td>
</tr>
<tr>
<td>Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable accounting standard on ‘Earnings Per Share’</td>
<td>Rs.5.88 for the FY 2020-21 (on face value of Rs.2 /share)</td>
</tr>
<tr>
<td>Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company</td>
<td>Not Applicable as the company is calculating employee compensation cost using fair value at grant date</td>
</tr>
<tr>
<td>Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility,</td>
<td>The fair value of equity share options is estimated at the date of grant using Black- Scholes model, taking into account the terms and conditions upon which the share options were granted.
<table>
<tr><th>Particulars</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>Fiscal 2021</th><th>Fiscal Year 2022</th></tr>
<tr><td>Weighted average share price/ market value</td><td>Rs.66,281.40</td><td>-</td><td>Rs.76,842.50</td><td>Rs.1,07,305.2</td></tr>
<tr><td>Exercise price</td><td>Rs.43,562.00</td><td>-</td><td>Grant 1: Rs.10/-</td><td>Grant 1:
Rs. 1,06,618/-</td></tr>
</table>
</td>
</tr>
</table>

expected dividends and the price of the underlying share in market at the time of grant of the option		(later revised and price is Rs. 10/-)		Grant 2 :Rs.76,765.00	Grant 2: Rs. 1,06,618/- Grant 3: Rs. 10/-
	Expected volatility	20%	-	Grant 1: 27% Grant 2: 27.1% - 28.4%	Grant 1: 29.4 – 29.9% Grant 2 29.2 - 31.1 %
	Life of the options granted (vesting and exercise period) in years	Vesting period + 12 months	-	Vesting period + 3 years	Vesting period+ 3years
	Expected dividends	0%	-	0%	0%
	Average risk-free interest rate	7.74%	-	5.00%	5.7 – 6.3%
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI ESOP Regulations in respect of options granted in the last three years	Not Applicable as the company is calculating employee compensation cost using fair value at grant date				
Intention of the key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any	As per the confirmation received from key managerial personnel, all key managerial personnel holding Equity Shares at the time of listing of the Equity Shares pursuant to the Offer may sell such Equity Shares issued in connection with the exercise of options granted under the ESOP Plan 2009, within three months from the date of listing of the Equity Shares.				
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent.	Not applicable, as no director, senior managerial personnel, employee holds more than one percent of the issued equity capital of the Company.				

<table>
<tr><td>of the issued capital (excluding outstanding warrants and conversions)</td><td></td></tr>
</table>

10. **ESOP Plan 2021**

Our Company, pursuant to the resolutions passed by the Board and the Shareholders of the Company on August 9, 2021 and August 9, 2021, respectively adopted the ESOP Plan 2021. The maximum number of shares that may be issued pursuant to the exercise of options granted to participants under the ESOP Plan 2021 shall not exceed 1,117,612 Equity Shares (as adjusted for any corporate actions). Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. The Nomination and Remuneration Committee may offer the employee stock options to a grantee in accordance with the terms and condition of the plan. The objectives of ESOP Plan 2021 are to attract, reward, motivate and retain its employees for high levels of individual performance and for unusual efforts to improve the financial performance of the Company, which will ultimately contribute to the success of the Company.

The ESOP Plan 2021 has been framed in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. SEBI has on August 13, 2021 notified the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SBEB Regulations 2021**"). The Company is in the process of assessing the impact of the SBEB Regulations 2021 and will modify the ESOP Plan 2021 to comply with the SBEB Regulations 2021 prior to the filing of the Red Herring Prospectus.

As on the date of the Draft Red Herring Prospectus, no employee stock options have been granted by our Company under the ESOP Plan 2021. The details of the ESOP Plan 2021 are as follows:

<table>
<tr><th colspan="2">Particulars</th><th colspan="4">Details</th></tr>
<tr><td colspan="2" rowspan="3">Options granted</td><td>Fiscal 2019</td><td>Fiscal 2020</td><td>Fiscal 2021</td><td>From April 1, 2021 till the date of this certificate</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="4">Cumulative options granted as on Aug 11, 2021: -</td></tr>
<tr><td colspan="2" rowspan="3">No. of employees to whom options were granted</td><td>Fiscal 2019</td><td>Fiscal 2020</td><td>Fiscal 2021</td><td>From April 1, 2021 till the date of this certificate</td></tr>
<tr><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="4">Cumulative options granted as on Aug 11. 2021: -</td></tr>
<tr><td colspan="2">Options vested [(including options that have been exercised)]</td><td colspan="4">-</td></tr>
<tr><td colspan="2">Options exercised</td><td colspan="4">-</td></tr>
<tr><td colspan="2">Options forfeited/ lapsed/ cancelled</td><td colspan="4">-</td></tr>
<tr><td colspan="2">Options outstanding (including vested and unvested options)</td><td colspan="4">-</td></tr>
<tr><td colspan="2">Exercise price of options</td><td colspan="4">NA</td></tr>
<tr><td colspan="2">Total no. of Equity/CCPS Shares that would arise as a result of full exercise of options granted [(net of forfeited/ lapsed/ cancelled options)]</td><td colspan="4">-</td></tr>
<tr><td colspan="2">Variation in terms of options</td><td colspan="4">NA</td></tr>
<tr><td colspan="2">Money realised by exercise of options</td><td colspan="4">NA</td></tr>
<tr><td colspan="2">Total no. of options in force</td><td colspan="4">NA</td></tr>
<tr><td colspan="2">Employee wise details of options granted to</td><td colspan="4"></td></tr>
<tr><td rowspan="2">(ii)</td><td rowspan="2">Key management personnel</td><td colspan="2">Name of key managerial personnel</td><td colspan="2">Total no. of options granted</td></tr>
<tr><td colspan="2">NIL</td><td colspan="2">NIL</td></tr>
<tr><td>(ii)</td><td>Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td colspan="4">NIL</td></tr>
<tr><td>(iii)</td><td>Identified employees who are granted options, during any one</td><td colspan="4">NIL</td></tr>
</table>

Particulars	Details
year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings Per Share'	Rs.5.88 for the FY 2020-21 (on face value of Rs.2 /share)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	NA
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	NA
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI ESOP Regulations in respect of options granted in the last three years	NA
Intention of the key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any	NA
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)	NA

11. None of the BRLMs or their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

12. There are no partly paid up Equity Shares as on the date of this Draft Red Herring Prospectus and all Equity Shares issued pursuant to the Offer will be fully paid up at the time of Allotment.

13. There have been no financing arrangements whereby Promoter, our Promoter Group, our Directors, and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

14. Except as disclosed below, our Promoter Group, our Promoter, our Directors or their relatives have not purchased, acquired, gifted or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus. For further details, please see "*-History of the Share Capital held by our Promoters*" on page 72.

15. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 69.

16. Other than our Promoters and certain shareholders, our Company, our Directors and the BRLMs have not made any or entered into any buy-back arrangements for purchase of Equity Shares.

17. Except for the conversion of the outstanding Preference Shares, the allotment of Equity Shares upon any exercise of options vested pursuant to the ESOP Plan 2009 and ESOP Plan 2021, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the BSE and NSE pursuant to the Offer or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc., as the case may be this is in the event there is a failure of the offer.

18. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under the Offer; and (b) any issuance of Equity Shares pursuant to the exercise of employee stock options granted or which may be granted under the ESOP Plan 2009 and ESOP Plan 2021.

19. Except for the outstanding options granted under the ESOP Plan and 15,911,807 outstanding Preference Shares outstanding as of the date of this Draft Red Herring Prospectus, which will convert to a maximum of up to 79,559,035 Equity Shares prior to filing of the RHP with the RoC, there are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale, aggregating up to **₹ [●]** million.

The Offer for Sale

The proceeds of the Offer for Sale shall be received by the Selling Shareholders. Our Company will not receive any proceeds from the Offer for Sale. Each Selling Shareholder shall be entitled to receive its respective portion of the proceeds from the Offer for Sale, net of its respective portion of Offer related expenses and the relevant taxes thereon. For further details of the Offer for Sale, see "*The Offer*" on page 50.

The Fresh Issue

Our Company proposes to utilise the Net Proceeds towards funding of the following objects:

1. Funding working capital requirements of our Material Subsidiary, Optival; and
2. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable us to undertake our existing business activities and the memorandum of association of our Material Subsidiary, Optival enable it to undertake the activities proposed to be funded from the Net Proceeds. Further, our Company expects to receive the benefits of listing of the Equity Shares, including to enhance our visibility and our brand image among our existing and potential customers and creation of a public market for our Equity Shares in India.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarised in the following table:

Particulars	Estimated amount[(1)] (₹ in million)
Gross Proceeds of the Fresh Issue	6,000[(1)]
(Less) Offer related expenses in relation to the Fresh Issue	[●]
Net Proceeds	[●]

[(1)] *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC*

Requirement of funds and proposed utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

Particulars	Amount (₹ in million)
Funding working capital requirements of our Material Subsidiary, Optival	4,671.70
General corporate purposes[(1)]	[●]
Total[(2)]	[●]

[(1)] *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.*
[(2)]*To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Proposed Schedule of Implementation and Deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in million)

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment		
		Fiscal 2022	Fiscal 2023	Fiscal 2024
Funding working capital requirements of our Material Subsidiary, Optival	4,671.70	1,239.19	1,586.87	1,845.64
General corporate purposes[(1)]	[●]		[●]	[●]
Total	[●]		[●]	[●]

[(1)] *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.*
[(2)] *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

Means of Finance

The fund requirements for the objects are proposed to be met from the Net Proceeds, working capital facilities, and internal accruals, hence, no amount is proposed to be raised through any other means of finance. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance. The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, prevailing market conditions and other commercial and technical factors, and have not been appraised by any bank or financial institution. We may have to revise our funding requirements and deployment from time to time on account of a variety of factors such as our financial and market condition, business and strategy, competition and interest or exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable law. For details, see, *"Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control"* on page 39.

Our Company proposes to deploy the entire Net Proceeds towards the aforementioned objects during Fiscal 2022, 2023 and 2024. In the event, our Company or our Material Subsidiary, Optival, are unable to utilise the Net Proceeds per the estimated schedule of deployment due to any reason, including, *inter alia*, (i) economic and business conditions; (ii) timely completion of the Offer; (iii) market conditions outside the control of our Company; or (iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent Fiscals as may be determined by our Company, in accordance with applicable laws.

If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds from the Fresh Issue in accordance with the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the aforementioned objects, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Details of the Objects of the Offer

I. Funding working capital requirements of our Material Subsidiary, Optival

Our business is working capital intensive and we fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, equity and financing from banks by way of working capital facilities. Our business requires a significant amount of working capital in the operation of the network of 'MedPlus' pharmacy stores, which is the main business activity of our Material Subsidiary, Optival. We require working capital primarily for financing and/or replenishment of the inventory in the MedPlus stores of Optival.

(a) **Existing Working Capital:**

The existing working capital of our Material Subsidiary, Optival, based on the audited standalone financial statements of Optival for as of and for the financial years ended Fiscal 2019, Fiscal 2020 and Fiscal 2021 is stated below:

(in ₹ million)

S. No.	Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
A.	Current assets			
1.	Inventories	3,895.76	6,263.36	7,508.10
2.	Financial assets			
(i)	Trade receivables	81.98	54.90	51.15
(ii)	Cash and bank balances	218.84	930.36	167.28
(iii)	Other bank balances	248.24	267.76	117.79
(iv)	Other financial assets	96.49	115.66	358.69
3.	Other current assets	92.07	79.73	66.36
	Total current assets (A)	**4,633.38**	**7,711.77**	**8,269.37**
B.	Current liabilities			
1.	Financial liabilities			
(i)	Borrowings - cash credits			
(ii)	Borrowings - other loans			
(iii)	Trade payables (Suppliers)	1,716.31	2,326.87	1,868.06
(iv)	Trade payables (Others)	2.18	11.97	1.76
(v)	Lease liability	-	508.6	521.02
(vi)	Other financial liabilities	258.07	425.06	363.23
2.	Other current liabilities	136.58	121.3	98.23
3.	Provisions	78.13	162.4	185.27
4.	Deferred revenue	199.9	130.24	82.4
5.	Liabilities for current tax (net)	-	17.73	0.21
	Total current liabilities (B)	**2,391.17**	**3,704.17**	**3,120.18**
C.	**Total Working Capital Requirement: C = A-B**	**2,242.21**	**4,007.60**	**5,149.19**
D.	Funding Pattern			

S. No.	Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
	(i) Working Capital Funding from Bank	**1,004.02**	**1,050.51**	**1,352.35**
	(ii) Internal Accruals	**1,238.19**	**2,957.09**	**3,796.84**

* *As certified by GPHK & ASSOCIATES, Chartered Accountants pursuant to their certificate dated August 16, 2021*

(b) **Future Working Capital Requirements**

We propose to utilise ₹1,239.19 million, ₹1,586.86 million and ₹1,845.65 million of the Net Proceeds in Fiscals 2022, 2023 and 2024, respectively, towards Optival's working capital requirements. The balance portion of working capital requirement of Optival, shall be met from internal accruals. The incremental and proposed working capital requirements, as noted by the Board of Directors of our Company and approved by the board of directors of Optival, pursuant to resolutions dated August 3, 2021 and August 3, 2021, respectively and key assumptions with respect to the determination of the same are mentioned below:

(in ₹ million)

S. No.	Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024
A.	Current assets			
1.	Inventories	9,105.21	11,472.56	14,225.98
2.	Financial assets			
(i)	Trade receivables	107.12	134.97	167.36
(ii)	Cash and bank balances	167.28	167.28	167.28
(iii)	Other bank balances	117.79	117.79	117.79
(iv)	Other financial assets	535.60	674.86	836.82
3.	Other current assets	214.24	269.94	334.73
	Total current assets (A)	**10,247.24**	**12,837.40**	**15,849.97**
B.	Current liabilities			
1.	Financial liabilities			
(i)	Borrowings (cash credits)	-	-	-
(ii)	Borrowings (other loans)	-	-	-
(iii)	Trade payables (Suppliers)	2,463.76	3,104.34	3,849.38
(iv)	Trade payables (Others)	2.25	2.84	3.52
(v)	Lease liability	642.72	809.83	1,004.19
(vi)	Other financial liabilities	428.48	539.89	669.46
2.	Other current liabilities	107.12	134.97	167.36
3.	Provisions	107.12	134.97	167.36
4.	Deferred revenue	107.12	134.97	167.36
5.	Liabilities for current tax (net)	0.27	0.34	0.42
	Total current liabilities (B)	**3,858.85**	**4,862.15**	**6,029.06**
C.	**Total Working Capital Requirement: C = A-B**	**6,388.39**	**7,975.26**	**9,820.90**
D.	**Funding Pattern**			
(i)	**Working Capital Funding from Bank**	**1,352.35**	**1,352.35**	**1,352.35**
(ii)	**Internal Accruals**	**3,796.85**	**3,796.85**	**3,796.85**
E.	Net Working Capital Requirement (E=C-D)	1,239.19	2,826.06	4,671.70
F.	Amount proposed to be utilized from Net proceeds	1,239.19	1,586.87	1,845.64

* *As certified by GPHK & ASSOCIATES, Chartered Accountants pursuant to their certificate dated August 16, 2021*

Pursuant to the certificate dated August 16, 2021 GPHK & ASSOCIATES, the Independent Chartered Accountant has compiled and confirmed the working capital estimates and working capital projections, as noted by the board of directors of our Company and approved by the board of directors of Optival pursuant to resolutions dated August 3, 2021 and August 3, 2021.

Assumptions for Working Capital Requirements:

The following table sets forth the details of the holding period (with days rounded to the nearest) considered:

S. No.	Number of days Particulars	Actuals			Projections		
		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
A.	Current assets						
1.	Inventories	63.15	80.18	89.72	85	85	85
2.	Financial assets						
(i)	Trade receivables	1.33	0.70	0.61	1.00	1.00	1.00
(ii)	Cash and bank balances	3.55	11.91	2.00	1.56	1.24	1.00
(iii)	Other bank balances	4.02	3.43	1.41	1.10	0.87	0.70
(iv)	Other financial assets	1.56	1.48	4.29	5.00	5.00	5.00
3.	Other current assets	1.49	1.02	1.79	2.00	2.00	2.00
B.	Current liabilities						
1.	Financial liabilities						
(i)	Borrowings - cash credits	-	-	-	-	-	-
(ii)	Borrowings - other loans	-	-	-	-	-	-
(iii)	Trade payables (Suppliers)	27.82	29.79	22.32	23.00	23.00	23.00
(iv)	Trade payables (Others)	0.04	0.15	0.02	0.02	0.02	0.02
(v)	Lease liability		6.51	6.23	6.00	6.00	6.00
(vi)	Other financial liabilities	4.18	5.44	4.34	4.00	4.00	4.00
2.	Other current liabilities	2.21	1.55	1.17	1.00	1.00	1.00
3.	Provisions	1.27	2.08	2.21	1.00	1.00	1.00
4.	Deferred revenue	3.24	1.67	0.98	1.00	1.00	1.00
5.	Liabilities for current tax (net)	-	0.23	0.00	0.00	0.00	0.00

* *As certified by GPHK & ASSOCIATES, Chartered Accountants pursuant to their certificate dated August 16, 2021*

The working capital projections made by the Company are based on certain key assumptions, as set out below:

Particulars	Assumptions and Justifications
Inventories	Our Company had maintained the inventory between 63 - 90 days. This is required to have maximum fill rate at the stores. Accordingly, we have assumed 85 days of inventory for the Fiscals ended March 31, 2022, 2023 and 2024
Trade receivables	Our Company had receivable days of around one day as most of our business is cash and carry. Accordingly, we have assumed one day of receivable for the Fiscals ended March 31, 2022, 2023 and 2024
Cash and bank balances	Cash and bank balances consist of cash and cash equivalents, balances with banks and term deposits with banks. Same balance is assumed for the Fiscal ended March 31, 2022, 2023 and 2024
Other current assets	Other current assets include GST Receivables, Prepaid expenses and other financial assets. Our company had a holding period of one to two days and accordingly we have assumed two days for the Fiscal ended March 31, 2022, 2023 and 2024
Trade payables	Our Company had trade payable days between 23 - 30 days. For better pricing from Vendors, we have assumed the trade payable of 23 days for the Fiscals ended March 31, 2022, 2023 and 2024
Other current liabilities	Other current liabilities include statutory liabilities and advance from customers. Our company had around one day of current liabilities and accordingly, we have assumed one day of current liabilities for Fiscals ended March 31, 2022, 2023 and 2024

Considering that the Net Proceeds will be utilised toward funding working capital requirements, primarily for financing and/or replenishing of the inventories of the 'MedPlus' stores of our Material Subsidiary, i.e. Optival, our Company shall deploy the Net Proceeds for this Object to Optival in the form of equity in the manner determined by our Company and as permitted under applicable law.

The utilization of proceeds in a particular financial year may vary on the requirement of business. However, the overall utilization from Net Proceeds will remain within ₹ 4,671.70 million.

II. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include strategic initiatives, funding growth opportunities, including acquisitions and meeting exigencies, brand building, meeting expenses incurred by our Company and strengthening of our manufacturing capabilities, as may be applicable.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of applicable law. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any, in accordance with applicable law.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million.

The Offer related expenses primarily include fees payable to the Book Running Lead Managers and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than (a) listing fees which will be borne by the Company, and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred in connection with the Offer, including corporate advertisements, issue advertising, printing, road show expenses, accommodation and travel expenses, stamp, transfer, issuance, documentary, registration, costs for execution and enforcement of this Agreement, Registrar's fees, fees to be paid to the BRLMs, fees and expenses of legal counsel to the Company and the BRLMs, fees and expenses of the auditors, fees to be paid to Sponsor Banks, SCSBs (processing fees and selling commission), brokerage for Syndicate Members, commission to Registered Brokers, Collecting DPs and Collecting RTAs, and payments to consultants, and advisors, shall be shared among the Company and each of the Selling Shareholders in proportion to the number of Equity Shares issued and Allotted by the Company through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale. All such payments except BRLMs' fees shall be made by the Company on behalf of the Selling Shareholders and upon the successful completion of the Offer, the Selling Shareholders agree that they shall, severally and not jointly, reimburse the Company in proportion to their respective proportion of the Offered Shares, for any expenses incurred by the Company on behalf of such Selling Shareholder. The fees of the BRLMs shall be paid directly from the public offer account(s) where the proceeds of the Offer have been received, and immediately upon receipt of final listing and trading approvals from the Stock Exchanges, in the manner as may be set out in the escrow and sponsor bank agreement. It is further clarified that all payments shall be made first by the Company and that each of the Selling Shareholders shall reimburse the Company for respective proportion of the expenses upon the successful completion of the Offer. Provided that, in the event any Selling Shareholder withdraws or abandons the Offer or this Agreement is terminated in respect of such Selling Shareholder at any stage prior to the completion of Offer, it shall reimburse to the Company all costs, charges, fees and expenses associated with and incurred in connection with the Offer on a pro-rata basis, up to the date of such withdrawal, abandonment or termination with respect to such Selling Shareholder. In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, all costs and expenses with respect to the Offer shall be borne by the Company and Selling Shareholders in a proportionate manner, including but not limited to, the fees and expenses of the BRLMs and the legal counsels in relation to the Offer.

The estimated Offer related expenses are as under:

Activity	Estimated expenses[(1)] (in ₹ million)	As a % of the total estimated Offer expenses[(1)]	As a % of the total Offer size[(1)]
Book Running Lead Managers' fees	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs [(2)(3)(4)(5)]	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Bidders**	[●]*% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	[●]*% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	[●]*% of the Amount Allotted* (plus applicable taxes)*

Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

(3) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.*

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

*Portion for Retail Individual Bidders**	₹[●] *per valid Bid cum Application Form (plus applicable taxes)*
*Portion for Eligible Employees**	₹[●] *per valid Bid cum Application Form (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	₹[●] *per valid Bid cum Application Form (plus applicable taxes)*

Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

(4) *The Processing fees for applications made by Retail Individual Bidders and Eligible Employees using the UPI Mechanism would be as follows:*

Sponsor Bank	₹[●] *per valid Bid cum Application Form* (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

For each valid application

(5) *Selling commission on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

*Portion for Retail Individual Bidders**	[●]*% of the Amount Allotted* (plus applicable taxes)*
*Portion for Eligible Employees**	[●]*% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	[●]*% of the Amount Allotted* (plus applicable taxes)*

Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price

Appraising entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any bank or financial institution or other independent agency.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Monitoring of utilisation of funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a Monitoring Agency to monitor the utilization of the Net Proceeds prior to filing of the Red Herring Prospectus. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh

Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details, including justification for such variation and be published and placed on website of our Company, in accordance with the Companies Act, 2013, read with relevant rules.

The Notice shall simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where our Registered Office is situated. Pursuant to Section 13(8) of the Companies Act, 2013, our Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

Other confirmations

Except for the Promoter Selling Shareholder and one of our Directors and Selling Shareholder, Atul Gupta, to the extent of the proceeds received pursuant to the Offer for Sale, none our Promoters, Directors, KMPs, Promoter Group or Group Company will receive any portion of the Offer Proceeds and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Directors, KMPs or Promoter Group.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹2 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price, and Floor Price is [●] times the face value and the Cap Price is [●] times the face value. Investors should also see "*Risk Factors*", "*Summary of Financial Information*", "*Our Business*", "*Financial Statements*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 52, 119, 179 and 258, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- India's Second Largest Pharmacy Retailer;
- Established Brand and Value Proposition to Customers;
- Successful Track Record of Expansion Using a Distinct Cluster-based and Replicable Store Unit Expansion Approach;
- High Density Store Network Enhancing Omni-channel Proposition;
- Lean Cost Structure and Technology Driven Operations; and
- Well Qualified, Experienced and Entrepreneurial Board and Senior Management Team.

For details, see "*Our Business – Strengths*" on page 121.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Consolidated Financial Information. For details, see "*Financial Statements*" and "*Other Financial Information*" on page 179 and 256.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS") (face value of each Equity Share is ₹2):

Fiscal	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2021	6.13	5.88	3
March 31, 2020	0.21	0.20	2
March 31, 2019	1.15	1.10	1
Weighted Average	3.33	3.19	-

NOTES:

1. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights.*
2. *The face value of each Equity Share is ₹ 2 each.*
3. *Earnings per Share (₹) = Profit attributable to the owners of the Company for the year/Weighted Average No. of shares at the end of the year*
4. *Basic and diluted earnings per share: Basic and diluted earnings per share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
5. *The Company in its extraordinary general meeting held on July 9, 2021, after the Balance Sheet date of March 31, 2021, has approved sub-division of each equity share of ₹10 each into Equity Shares of ₹2 each. The computation given above is after taking into account share sub-division and hence above information is not derived from Restated Financial Statements.*

B. Price/Earning ("P/E") ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for year ended March 31, 2021	**[●]**	**[●]**
Based on diluted EPS for year ended March 31, 2021	**[●]**	**[●]**

Industry Peer Group P/E ratio

Not applicable as there are no listed companies in India that engage in a business similar to that of our Company.

C. Return on Net worth ("RoNW")

Fiscal	RoNW (%)	Weight
March 31, 2021	8.74	3
March 31, 2020	0.41	2
March 31, 2019	4.09	1
Weighted Average	5.19	-

NOTES*:*

1. *Return on Net Worth ratio: Restated profit for the year attributable to the owners of the Company divided by Total equity attributable to the owners of the Company.*
2. *The weighted average return on net worth is a product of return on net worth and respective assigned weight, dividing the resultant by total aggregate weight.*

D. Net Asset Value ("NAV") per Share

E. Financial Year ended/ Period ended	Amount (₹)
As on March 31, 2021	65.37
After the completion of the Offer	
- At the Floor Price	[●]
- At the Cap Price	[●]
Offer Price	[●]

NOTES*:*

1. *Net assets value per share (in ₹): Net asset value per share is calculated as Restated Total Equity attributable to the owners of the company at the end of the year divided by number of shares on fully diluted basis as at year end adjusted for sub-division of shares carried out subsequent to year end as detailed below.*
2. *The Company in its extraordinary general meeting held on July 9, 2021, after the Balance Sheet date of March 31, 2021, has approved sub-division of each equity share of ₹10 each into Equity Shares of ₹2 each. The computation given above is after taking into account share sub-division and hence above information is not derived from Restated Financial Statements.*

F. Comparison with Listed Industry Peers

There are no listed companies in India that comparable in all aspects of business and services that we provide. Hence, it is not possible to provide an industry comparison in relation to our Company.

G. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹[●] has been determined by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process.

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 25, 119, 179 and 258, respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

REPORT ON THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors
MedPlus Health Services Limited
H.No: 11-6-56, Survey No: 257 & 258/1,
Opposite IDPL Railway Siding,
Moosapet, Kukatpally, Balanagar, Hyderabad- 500 037

Date: 16 August 2021

Dear Sirs,

Subject: Statement of possible special tax benefits ("the Statement") available to MedPlus Health Services Limited (formerly known as 'MedPlus Health Services Private Limited') ("the Company"), shareholders (the "Shareholders") and it's material subsidiary prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations")

This report is issued in accordance with the engagement letter dated 30 July 2021.

We hereby report that the enclosed Annexure I and Annexure II prepared by the Company, initialed by us and the Company for identification purpose, states the possible special tax benefits available to the Company, it's Shareholders and it's material subsidiary, which is defined in Note 1 to Annexure 1 ('Material Subsidiary') under direct and indirect taxes as stated in Annexure I (together with the Act, **"the Tax Laws"**), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company, it's Shareholders and it's material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company, it's Shareholders and it's material subsidiary to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company and it's material subsidiary may face in the future and accordingly, the Company, it's Shareholders and material subsidiary may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure I cover the possible special tax benefits available to the Company, it's Shareholders and it's material subsidiary and do not cover any general tax benefits available to them. We wish to highlight that the distinction between "general' and "special' tax benefits· is not defined under the ICDR Regulations. Accordingly, we have provided comments on those tax benefits, the availability of which is contingent to the fulfillment of certain conditions as per the applicable tax laws. Further, the preparation of the enclosed Annexure I and Annexure II and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising a fresh issue of equity shares by the Company and an offer for sale of equity shares by certain Shareholders (the "Proposed Offer") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither are we suggesting nor are we advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

i) the Company, it's Shareholders and it's material subsidiary will continue to obtain these possible special tax benefits in future; or
ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of enclosed Annexure are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement.

We hereby give consent to include this Statement in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

*f*or **B S R & Associates LLP**
Chartered Accountants
ICAI firm registration number: 116231W/ W-100024

Arpan Jain
Partner
Membership No.: 125710
ICAI UDIN: 21125710AAAACF4835

Place: Hyderabad
Date: 16 August 2021

ANNEXURE I

#	**Details of Tax Laws**
1.	Income Tax Act, 1961 and Income Tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	Respective State Goods and Services Tax Act, 2017

LIST OF MATERIAL SUBSIDIARY CONSIDERED AS PART OF THE STATEMENT (NOTE 1)

1. OPTIVAL Health Solutions Private Limited

Note 1: Material subsidiary identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary whose turnover. profit before tax or net worth in the immediately preceding year (i.e. 31 March 2020) exceeds 10% of the consolidated turnover, consolidated profit before tax or consolidated net worth respectively, of the Group in the immediately preceding year.

ANNEXURE II

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND MATERIAL SUBSIDIARY UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS ("TAX LAWS") IN INDIA

Outlined below are the possible special tax benefits available to the Company, it's Shareholders and material subsidiary under the Tax Laws. These possible special tax benefits are dependent on the Company, it's Shareholders and it's material subsidiary fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company, it's Shareholders and it's material subsidiary to derive the possible special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE TAX LAWS

A. *Special tax benefits available to the Company*

The following special tax benefits would be available to the Company after fulfilling conditions as per the respective provisions of the tax laws identified supra:

1. *Section 115BAA of the IT Act, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that the domestic company can opt for a rate of tax of 22% (plus applicable surcharge and cess) for the Financial Year 2019-20 (relevant to Assessment Year 2020-21) onwards, provided the total income of the company is computed without claiming certain specified incentives/ deductions or carry forward and set-off of certain losses, additional depreciation etc. and claiming depreciation determined in the prescribed manner. In case the Company opts for Section 115BAA of the IT Act, provisions of Minimum Alternate Tax ('MAT') under Section 115JB of the IT Act would not be applicable and also MAT credit of the earlier year(s) will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.*

We have been informed by the Company that it has opted concessional tax regime as provided under provisions of for Section 115BAA of the IT Act from the Assessment Year 2020-2021.

In accordance with the provisions of Section 80M of the IT Act, dividend received by the company from any other domestic company or a foreign company or a business trust, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by the company on or before one month prior to due date of furnishing the income-tax return under Section 139(1) for the relevant year, be allowed.

Further, any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under Section 80M(1) of the IT Act in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

2. *In accordance with and subject to fulfilment of conditions as laid out under Section 35D of the IT Act, the Company may be entitled to amortize preliminary expenditure, being expenditure incurred in connection with the issue for public subscription or in connection with expenditure as prescribed under Section 35D of the IT Act, subject to the limit specified in Section 35D of the IT Act. The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.*

B. Special tax benefits available to Shareholders

Apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits available to the shareholders of the Company under the Tax Laws identified supra.

C. Special tax benefits available to the Material Subsidiary

The following special tax benefits would be available to the Company after fulfilling conditions as per the respective provisions of the tax laws identified supra:

1. *Section 115BAA of the IT Act, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that the domestic company can opt for a rate of tax of 22% (plus applicable surcharge and cess) for the Financial Year 2019-20 (relevant to Assessment Year 2020-21) onwards, provided the total income of the company is computed without claiming certain specified incentives/ deductions or carry forward and set-off of certain losses, additional depreciation etc. and claiming depreciation determined in the prescribed manner. In case the Company opts for Section 115BAA of the IT Act, provisions of Minimum Alternate Tax ('MAT') under Section 115JB of the IT Act would not be applicable and also MAT credit of the earlier year(s) will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.*

We have been informed by the Company that it has opted concessional tax regime as provided under provisions of for Section 115BAA of the IT Act from the Assessment Year 2020-2021.

In accordance with the provisions of Section 80M of the IT Act, dividend received by the company from any other domestic company or a foreign company or a business trust, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by the company on or before one month prior to due date of furnishing the income-tax return under Section 139(1) for the relevant year, be allowed.

Further, any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under Section 80M(1) of the IT Act in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

2. *In accordance with and subject to fulfilment of conditions as laid out under Section 35D of the IT Act, the Company may be entitled to amortize preliminary expenditure, being expenditure incurred in connection with the issue for public subscription or in connection with expenditure as prescribed under Section 35D of the IT Act, subject to the limit specified in Section 35D of the IT Act. The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.*

3. *In accordance with and subject to fulfilment of conditions as laid out under Section 80JJAA of the IT Act, the Company may be entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided."*

4. *In accordance with the provisions of Section 35DD of the Act, where a company incurs any expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the company shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation or demerger takes place.*

We have been informed by the Company that pursuant to the approval of the scheme of amalgamation between the Company and Ritemed Pharma Retail Private Limited ('RMPL') by National Company Law Tribunal at Hyderabad on 14 August 2018, RMPL has been amalgamated with the Company with effect from 01 April 2016. In this regard, the Company will be eligible for a deduction of one-fifth expenses related to aforesaid merger which was disallowed in earlier years from the Financial Year 2018-19 to 2022-23.

NOTES:

1. The above is as per the current tax laws**, as amended by the Finance Act, 2021**.

2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

3. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.

4. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The Shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

5. The tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue

6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable double taxation avoidance agreement, if any, between India and the country in which the non-resident has fiscal domicile.

For **MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)**

G. Madhukar Reddy
Managing Director

Place: Hyderabad
Date: 16 August 2021

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date: 16 August 2021

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The information contained in this section, unless otherwise specified, is derived from a report titled "Pharmacy Retail in India" dated August 12, 2021 prepared by Technopak Advisors Pvt. Ltd. (the "**Technopak Report**"), who we appointed on June 10, 2021, and commissioned and paid for by our Company in connection with the Offer. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 19.*

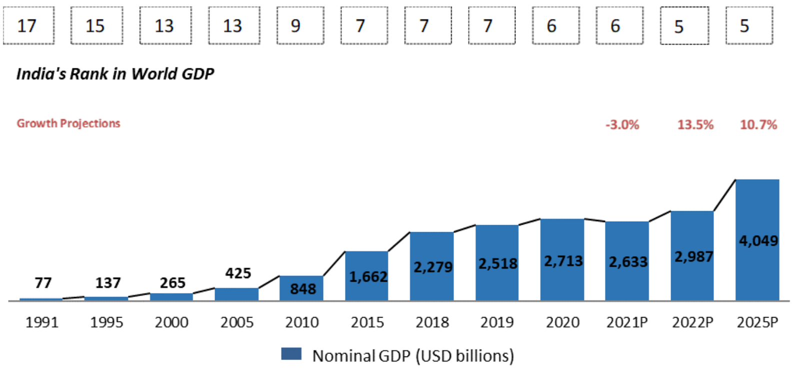
INDIA – MACROECONOMIC OVERVIEW

India is the sixth largest economy in the world in terms of nominal gross domestic product ("**GDP**") and the third largest in terms of purchasing power parity ("**PPP**"), with an average annual growth rate between 6% to 7% since financial year 1991 (*Source: World Bank data)*. The table below sets out the GDP and PP ranking of the top 10 global economies, as of December 31, 2020.

Country	Rank	% Share (World GDP, at current prices)	Rank PPP	% Share (World GDP, PPP)
United States	1	24.7%	2	15.8%
China	2	17.4%	1	18.3%
Japan*	3	5.8%	4	3.9%
Germany	4	4.5%	5	3.3%
United Kingdom	5	3.2%	9	2.3%
India	6	3.1%	3	6.7%
France	7	3.1%	8	2.3%
Italy	8	2.2%	10	1.8%
Canada	9	1.9%	14	1.3%
Korea, Republic	10	1.9%	13	1.7%

*Note: * - Available for 2019*
Source: World Bank Data, RBI, Technopak Research

The global economy was severely impacted in 2020 due to the outbreak of the COVID-19 pandemic, with its impact varying from country to country. Whilst the economic downturn has been severe in some countries, it has been modest in others. India's nominal GDP was expected to contract by 3% in financial year 2021, primarily due to the impact of the COVID-19 pandemic and the consequent lockdowns imposed across the country, thereby leading to a contraction in the economy. However, it is estimated that India's GDP will resume its pre-COVID growth rate by financial year 2022. The graph below sets out India's nominal GDP in USD billions over the last several financial years.



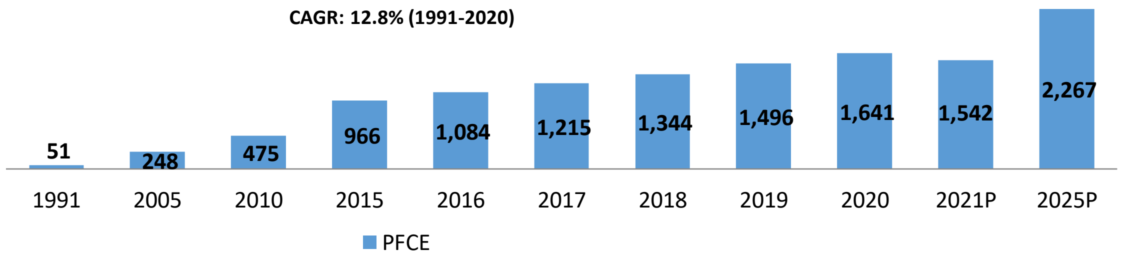
Considers Fx rate at 1 USD=INR 75
White boxes at the top refer to India's GDP rank on a global basis, All Years on the chart are financial years

CONSUMPTION-DRIVEN ECONOMY

India's economy is primarily consumption-driven and India's share of domestic consumption, measured as private final consumption expenditure, to its GDP was ~60.5% in financial year 2020, as compared to 39.24% for China. India's high share of private consumption to its GDP has the advantage of insulating India's economy from any volatility in the global economy. As a result, sustainable economic growth in India directly translates into sustained consumer demand for goods and services.

The outbreak of the COVID-19 pandemic led to a depression in demand with an estimated loss of revenue in merchandise retail worth US$ 117 billion in financial year 2021. With the uncertain economic environment, not only are consumers more thoughtful about their consumption but also more conscious of their savings and investments. Consumption priorities are also driven by health and safety concerns and the other behavioral changes caused due to the outbreak of the COVID-19 pandemic. While discretionary categories like apparel and lifestyle have been severely impacted by the COVID-19 pandemic, need based categories like food and pharmaceutical have witnessed growth in the last financial year.

In financial year 2019, private final consumption expenditure ("**PFCE**") accounted for ~59% of India's GDP, as compared to ~39% for China, and ~68% for the United States for similar period. The table below sets out the PFCE for Indian households since financial year 1991 and estimated up to financial year 2025, including growth projections after factoring loss in PFCE due to the outbreak of the COVID-19 pandemic. All values in the chart below are in USD billions.



Source: Technopak Research, RBI Data; Year indicates financial year

CONSUMPTION TRENDS

The retail market in India was valued at USD 796 billion in financial year 2020, and is expected to grow at a CAGR of 6.23%, and be valued at USD 1,077 billion by financial year 2025. India's retail basket accounted for approximately 48.5% of its private consumption in financial year 2020, with the pharmacy and wellness category accounting for approximately 2.9% of India's retail market. Penetration of organized retail (which includes organized Brick and Mortar stores as well as E-commerce) in pharmacy and wellness category was approximately 10% in financial year 2020, and expected to increase to approximately 20% by financial year 2025, implying a CAGR of 25% between financial year 2020 and financial year 2025. The table below sets out the size of retail market and the penetration of organized retail across different categories as of financial year 2020, and the expected growth rates of various categories as of financial year 2025.

	FY 2020			FY 2025(P)			CAGR		Key Players
	Size of Retail Market (US$ Bn)	Penetration/Share of Organized Retail		Size of Retail Market (US$ Bn)	Penetration/Share of Organized Retail		CAGR (Organized Retail)		
		Share of B&M	Share of E-commerce		Share of B&M	Share of E-commerce	2015-2020	2020-2025	
Food and Grocery	526	4.0%	0.5%	682	5.0%	4.0%	24%	21%	Big Bazaar, D-Mart, Reliance Fresh
Jewellery & Watches	63	28.0%	4.0%	94	33.0%	7.0%	15%	14%	Tanishq, Kalyan
Apparel & Accessories*	63	14.5%	18.0%	96	23.0%	22.0%	17%	16%	Central, Shoppers Stop, Lifestyle, Westside, Titan
Footwear	10	14.2%	15.8%	12	10.0%	25.0%	8%	8%	Bata India, Metro Shoes, Khadims
Pharmacy & Wellness	**23**	**7.8%**	**2.2%**	**36**	**11.2%**	**8.4%**	**26%**	**25%**	**Apollo Pharmacy, MedPlus, PharmEasy**
Consumer Electronics	51	4.7%	27.3%	77	9.0%	36.0%	19%	16%	Vijay Sales, Croma, Reliance Digital
Home & Living	34	7.7%	7.3%	47	11.0%	19.0%	21%	22%	Home Centre, Home Stop
Others	25	5.3%	8.7%	33	10.0%	11.0%	12%	15%	
Total	**796**			**1077**			**18%**	**17%**	

**Accessories include Bags, Belts, and Wallets; Also, B&M refers to Brick and Mortar stores, E-commerce includes omnichannel sales by B&M players*
Source: Technopak Research, FY refers to financial year

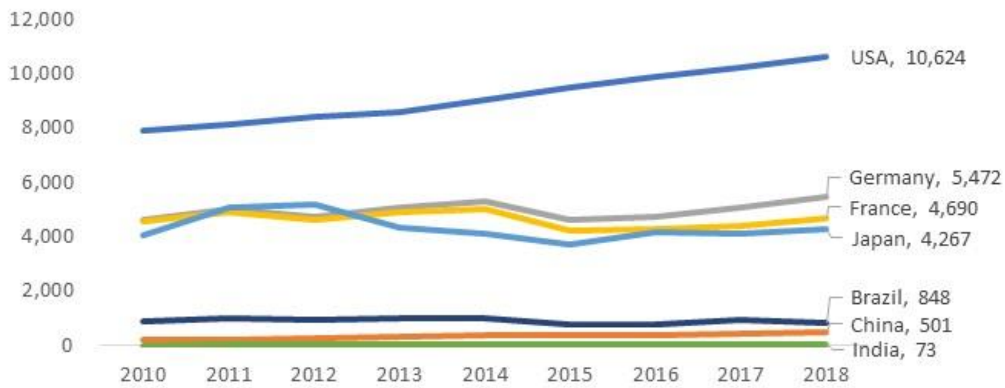
The table below provides the state wise split of the retail market size for pharmacy & wellness category.

State Wise Split of Retail market size of Pharmacy & Wellness category					
States	**Pharmacy & Wellness Retail Market Size for FY 2020 (USD Billion)**	**% of Pharmacy & Wellness Retail Market Size - FY 2020**	**Pharmacy & Wellness Retail Market Size for FY 2025(P) (USD Billion)**	**% of Pharmacy & Wellness Retail Market Size – FY 2025(P)**	**CAGR (FY 2020-FY 2025)**
Maharashtra	3.4	15%	5.2	14%	9%
Uttar Pradesh	1.6	7%	2.4	7%	8%
Andhra Pradesh	0.9	4%	1.3	4%	8%
Telangana	0.9	4%	1.5	4%	11%
Tamil Nadu	1.8	8%	2.8	8%	9%
West Bengal	1	4%	1.5	4%	8%
Gujarat	1.4	6%	2.1	6%	8%
Karnataka	1.6	7%	2.6	7%	10%
Rajasthan	0.9	4%	1.4	4%	9%
Kerala	0.8	3%	1.2	3%	8%
MP	0.7	3%	1.2	3%	11%
Delhi	1	4%	1.5	4%	8%
Haryana	0.9	4%	1.4	4%	9%
Bihar	0.7	3%	1.4	4%	15%
Punjab	0.6	3%	0.8	2%	6%
Orissa	0.4	2%	0.7	2%	12%
Jharkhand	0.3	1%	0.5	1%	11%
North Eastern States	0.4	2%	0.9	3%	18%
Others	3.7	16%	5.6	16%	9%
TOTAL	**23**	**100%**	**36**	**100%**	**~10%**

Source: Technopak Research

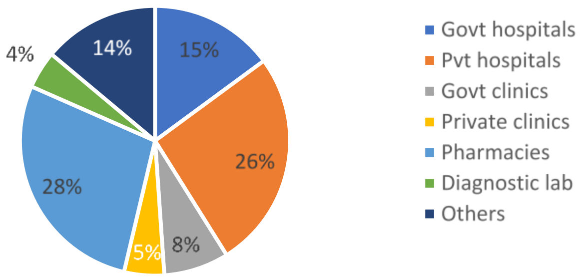
PER CAPITA HEALTHCARE EXPENDITURE IN INDIA

Per capita healthcare expenditure is predominantly higher in developed countries than in developing or under-developed countries. While per capita healthcare expenditure in United States in calendar year 2018 was $10,624, it was $73 in India for the corresponding period. Similarly, per capita pharmaceutical expenditure in calendar year 2018 was $16 in India, as compared to $1,554 in the United States and the global average of $156. As of Calendar Year 2018, India ranked 168 out of 193 countries in terms of current health expenditure as a percentage of GDP. The graph below sets out the per capita expenditure of some of some of the leading economies, as per data collected by the World Bank.



Source: World Bank

The healthcare sector in India primarily includes hospitals, pharmaceutical companies and pharmacy retail, diagnostic services, medical equipment and supplies, medical insurance, telemedicine companies and medical tourism. Whilst the per capita health expenditure in India is one of the lowest in the world, with total health expenditure comprising 3.5% of India's GDP (and as compared to the global average of 6.5%), there is a high potential for growth given an increasing awareness, affordability and acceptability of health services leading to an increased spending on healthcare. The pie-chart below sets out the distribution of current healthcare expenditure in India by healthcare providers:



Source: National health accounts 2016-17, Ministry of Health and Family Welfare, Technopak Research

DOMESTIC PHARMACEUTICAL MARKET

India's domestic pharmaceutical market was valued at ₹ 1,500 billion in financial year 2020, having grown at a CAGR of approximately 10% in the last five years, and is expected to grow at a similar rate going forward. The key market characteristics of the domestic pharmaceutical market include a low per capita health expenditure, high share of private out of pocket expenses (which includes purchases from pharmacies), and lower penetration across rural areas which has led to a high opportunity of growth given the limited penetration of health services in rural and urban areas.

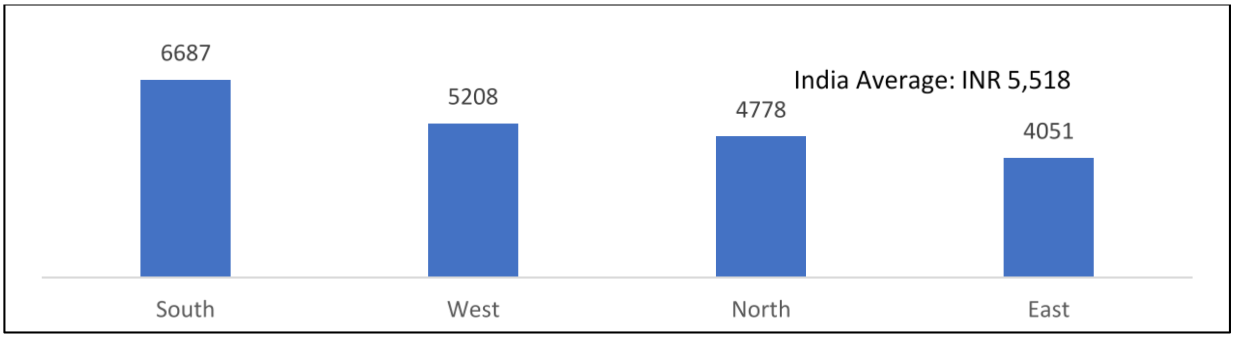
The table below sets out certain health expenditure indicators, as of calendar year 2018

Health Expenditure Indicator	India	World Average	India Rank
Current health expenditure (% of GDP)	3.5	6.5	168
Current health expenditure per capita, PPP (current international $)	275.1	1467	145
Share of out of pocket expenses (%)	72.4	40.25	14

Source: World Bank

The graph below sets out the regional estimated per capita per annum health expenditure for India in INR (Indian Rupees or ₹)

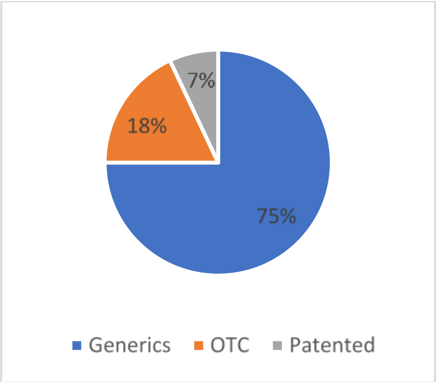
as of financial year 2020.



Source: National Health Accounts, Ministry of Health & Welfare
Source: Technopak Research

DOMESTIC PHARMACEUTICAL MARKET BY TYPE OF DRUGS

The domestic pharmaceutical market in India can be segmented based on the type of drugs sold, which includes prescription drugs and OTC drugs. Prescription drugs further comprise of generic drugs (including branded generics and ordinary generics) and branded patented drugs. Branded generics attach proprietary names to generic drug molecules whereas ordinary generic drugs are known by their chemical names. During financial year 2020, generic drugs accounted for 75% of the total domestic market, with over-the-counter ("OTC") drugs and branded patented drugs accounting 18% and 7%, respectively.



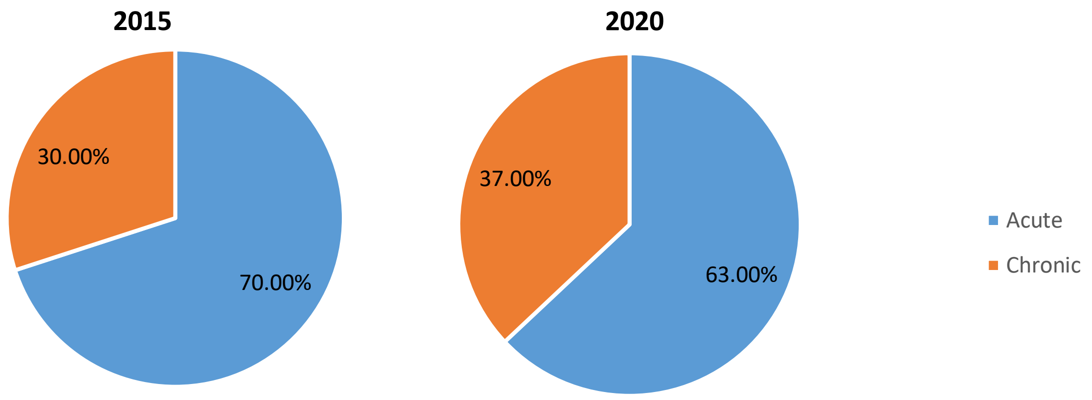
Source: Technopak Research

Prescription drugs can be sold only through a valid medical prescription from a registered doctor whereas OTC drugs can be dispensed without any prescription and can be sold at regular retail stores as well. The pricing for only a select number of prescription drugs listed in the national list of essential medicine (NELM) is regulated by the Government of India through the National Pharmaceutical Pricing Authority. As per NELM 2015, there are 376 formulations under essential list that account for ~15-17% of total Indian domestic pharmaceutical market. OTC drugs are free from any prescription or pricing regulation.

Domestic market by therapy

Pharmaceutical market is also segmented by therapy including acute therapy and chronic therapy. Acute conditions are generally severe and sudden in onset and therefore patients require medications urgently. This could describe ailments ranging from a broken bone to an asthma attack. The major acute therapies are anti-infectives, gastrointestinal, dermatology and vitamin/Nutrient.

A chronic condition, by contrast is a long-developing syndrome, such as osteoporosis or diabetes. Chronic therapies are dominated by cardiac, anti-diabetic and Neuro/CNS therapies. The contribution of chronic therapy is likely to increase as lifestyle diseases show higher prevalence and the age profile of the population moves to higher side. As shown in the chart below, during financial year 2020, Acute therapies account for 63% of the domestic pharmaceutical market.



Source: Annual Reports, Technopak Research

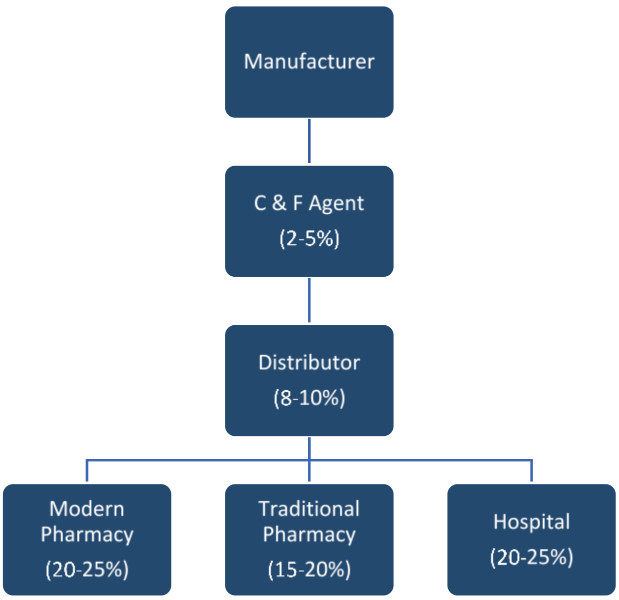
MAJOR PLAYERS IN THE INDIAN DOMESTIC PHARMACEUTICAL MARKET

The domestic pharmaceutical market is highly fragmented with the top 10 companies (primarily branded generics companies) contributing less than 50% of the market, and the top 150 companies accounting for close to 96% of the market. The market is primarily dominated by Indian companies, which account for close to 80% of the market share.

PHARMACEUTICAL SUPPLY CHAIN IN INDIA

India is an integral part of the global pharmaceutical supply chain, and accounts for exports and imports with more than 200 countries in the world. The pharmaceutical supply chain consists of manufacturing plants, intermediary product suppliers, logistics partners and technology partners. The Indian domestic market consists of a large network of more than 500 medium and large companies (that manufacture/contract manufacture), ~60,000 distributors, and ~800,000 pharmacy retail outlets, with more than 100,000 pharmaceutical brands available in the market given it's a branded generics market. The domestic pharmaceutical supply chain typically involves a company appointed carry-forward ("**C&F**") agent, responsible for handing warehousing and transportation of drugs, and supplying drugs to distributors who then provide these products to retail pharmacies and hospitals. There are multiple variations to this basic chain where a distributor may also distribute through a sub-distributor, and in other cases, an exclusive distributor may be appointed for a particular channel or customer. In some cases, manufacturers supply their products directly to retailers or through exclusive intermediaries.

The illustration sets out an indicative supply-distribution chain, with the profit margins varying across the C&F agent, distributor and retailers.



Indicative margin Spread in bracket
Source: Technopak Research

PHARMACY RETAIL IN INDIA

Pharmacy retail comprises primarily of pharmaceutical products, which include OTC and prescription drugs. However, in addition to selling pharmaceutical products and related services, pharmacy retail stores also sell various FMCG products, wellness products, consumables and medical devices. As of financial year 2020, the pharmacy retail industry was estimated to be worth approximately ₹ 1,725 billion, and expected to grow at a CAGR of approximately 10% in the next five years. The healthy growth witnessed by the Indian pharmacy retail sector over the past few years has primarily been due to an increasing consumer base and rising healthcare expenditure, the rising demand for OTC and prescription drugs, wellness products and private label products and the outbreak of the COVID-19 pandemic.

IMPACT OF THE COVID-19 PANDEMIC ON PHARMACY RETAIL IN INDIA

By virtue of being an essential service, pharmacy retail in India has performed better than most other sectors over the last 18 months. The domestic market has recovered from initial loss of business at the onset of lockdowns to achieve growth in financial year 2021.

As a whole. the COVID-19 pandemic is driving growth in the market segments such as preventive healthcare and personal hygiene with consumers increasingly likely to purchase preventive healthcare products such as multivitamins and ayurvedic supplements to boost immunity. Personal hygiene products have also gained prominence.

INTERPLAY BETWEEN PHARMACY RETAIL AND FMCG GOODS

FMCG products play an important role in the overall profitability of a pharmacy retail store, with the sales contribution in a traditional standalone pharmacy store (also referred to as "unorganized retail") in the range of 15-20%, and in case of a modern organized pharmacy store, it can be as high as 30%.

FMCG products essentially contribute to pharmacy stores earning a higher return on capital employed and help drive customer loyalty by providing customers with a wider array of products to choose from. The major driver for the interplay between pharmacy retail and FMCG products is that they are products from adjacent categories with good margins, and that customers have the opportunity to buy essential items in a convenient manner. The table below illustrates the category interplay between pharmacy retail and FMCG retail with the number of tick marks (✓) indicating suitability of the category to pharmacy/FMCG retail.

Category	Retailer	
	Pharmacy Retail	FMCG Retail
OTC	✓✓✓✓✓	✓
Nutraceutical (dietary)	✓✓✓✓✓	✓✓✓
Nutraceutical (functional food)	✓✓✓	✓✓✓
Baby care	✓✓✓✓✓	✓✓✓✓✓
Feminine hygiene	✓✓✓✓✓	✓✓✓✓✓
Basic personal care	✓✓✓	✓✓✓✓✓
Beauty & cosmetic	✓✓✓	✓✓✓
Basic Home care	✓	✓✓✓✓✓
Confectionary	✓	✓✓✓✓✓
Staples		✓✓✓✓✓

Source: Technopak Research

PHARMACY RETAIL CHANNELS

TRADITIONAL CHANNELS

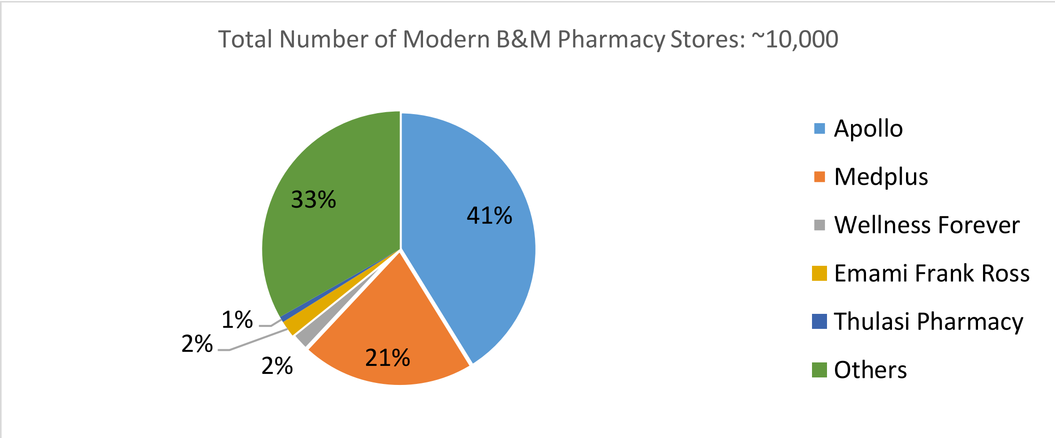
The traditional Indian pharmacy retail segment predominantly consists of retail stores operating as family-run medical stores with a store size in the range of 150-1000 square feet. As of financial year 2021, there were around 800,000 such pharmacy stores operating across the country, each facing similar challenges including lack of documentation, managing SKU proliferation, poor inventory management and inadequate retail environment, non-availability of medicines and in some cases stocking unreliable medicines.

MODERN RETAIL CHANNELS

Brick and Mortar (B&M) Stores

The organized retail sector primarily comprises of B&M stores operated by established players such as Apollo Pharmacy, MedPlus and Wellness Forever, and other smaller players like Emami Frank Ross Pharmacy, Thulasi Pharmacy, and Sagar Drugs & Pharmaceuticals (Planet Health). These players continue to drive growth in the organized segment by establishing a fast-emerging pan-India presence primarily through B&M stores and select players also operate an omnichannel platform. These players typically open multiple outlets in a city and a regional warehouse nearby to cater to these outlets. Some modern B&M retailers have also invested in advanced technology to capture sales data and automate warehouse management for seamless inventory replenishment.

This model facilitates the implementation of logistics and distribution in a cost efficient manner, ensures accurate demand forecast for that region and improved serviceability ensuring consistent availability of products and timely deliveries. Moreover, this model also provides better fulfilment rates and higher profitability, and the benefit of economies of scale, with a high store count ensuring low unit logistics costs and better operational efficiency due to distributed and balanced demand. The pie-chart below sets out the retail market share in terms of number of stores of leading pharmacy retail chain through B&M stores across India as of end of financial year 2021.



Source: Technopak Analysis, based on number of stores

E-Commerce Channel

There has also been a rise in sales through the e-commerce channel with several players such as NetMeds, Tata 1mg and PharmEasy operating in this segment through an online only model ("e-pharmacy") alongside omnichannel platforms of B&M retailers such as Apollo Pharmacy, MedPlus. E-commerce channel in pharmacy retail operates through the following models:

- **Inventory-led Model for pharmacies with an online only presence**: In an inventory-led model, the inventory of goods and services is owned by the company (and managed through warehouses and fulfilment centres across different locations), and the goods and services are sold directly to the customers.
- **Hyperlocal model**: For players with an online only presence, this is an inventory-light model where the company only provides the online infrastructure and corresponding logistical support. A partner offline retailer is responsible for managing the inventory. This model can be implemented with a low seed capital. However, the margins are shared with the offline partner retailers impacting the unit economics. Select modern B&M players are moving towards the online model in order to generate sales from their digitally-enabled platforms by leveraging their established network of stores and fulfilment centres. Established B&M store operators with high technology focus also follow hyperlocal model for home delivery of medicines. The established players have high brand awareness and better customer recall due to their existing omnichannel presence. The hyperlocal delivery enabled Brick & Mortar retail chains have high distribution efficiency, low fulfilment costs and low delivery time, making them a preferred choice for home delivery of pharmacy products. A strong offline presence also ensures high brand visibility and low customer acquisition costs and hence, better economics vs. online players following this model.
- **E-Commerce Marketplace**: Online horizontal marketplace platforms are tech-driven platforms that offer a wide variety of product offerings, including products such as electronics, fashion, furniture, home furnishings,

cosmetics and wellness products. A large number of marketplace players are trying to enter this business but may do so gradually given fluidity in the regulatory environment.

Omnichannel presence in organized pharmacy retail

B&M stores adopting the hyperlocal model and operating an omnichannel retail platform are emerging as important players in the pharmacy retail market. This is primarily due to their multichannel approach to sales through a combination of B&M stores and an online channel, which provides a seamless customer experience to consumers, whether the customer is shopping online from an internet enabled device, tele-calling or visiting a physical (B&M) store.

The benefits of operating an omnichannel retail approach are the ability to deliver a consistent brand experience, irrespective of the channel used, to meet the customer demand. Further, the omnichannel retail platform assists in optimizing business through channel diversification and comprehensive integration of data and systems across the channels, allowing for higher customer retention and higher wallet share. Omnichannel retail platforms have a strong focus on integration of the supply chain, logistics, warehousing, technology and inventory across the channels.

The brick-and-mortar players have an edge over the online only players in rolling out such a framework given the fact that they have an existing network of stores that are well-stocked with inventory to service the local cluster and address the demand faster and an optimised cost structure. Key drivers of this include:

- **Strong presence in neighborhood** that ensures high brand visibility and low customer acquisition costs.
- **Short turnaround time:** Many modern B&M retailers with store-led order fulfilment can also deliver the order within a shorter timeframe at a much lower delivery cost vis-à-vis digital natives (e.g. players such as MedPlus can delivery within 2 hours in Hyderabad and Bangalore). Omni-channel players can better address the acute therapy demand because of this faster response mechanism. These advantages particularly play out strongly in Tier II/III cities where the online only players require a longer response time
- **Optimized cost structure** as Modern B&M pharmacies leverage their dense offline store network.

The omnichannel approach also allows players to offer discounts comparable to that offered by online only players while remaining profitable because of their low-cost structure. Walgreens' and CVS's omnichannel initiatives have played out well for the developed markets. Walgreens Boots Alliance's partnership with Microsoft and Adobe to launch a digital experience and customer insights platform testifies their confidence in this approach.

A summary of strengths and weaknesses across the different types of pharmacies is provided in the table below.

	Modern B&M Pharmacy	**Traditional/ Unorganized Pharmacy**	**E-Pharmacy**
Strength	• Improved retail environment and customer experience • Assisted selling • Wide SKU range with wellness options • Transparent discount and lower pricing to customer • Better availability of brands and prescription fulfilment • Payment options • Loyalty programs & customer service • Higher gross margins due to scale advantage and vertical integration	• Well entrenched • High inventory turns reduces the working capital needs • Assisted selling • Personalized selling • Credit to the customer	• Serviceability • Range of offering (drug sale, medical equipment and other gadgets, lab consultations) • Convenience • Discounts • Personalized • Auto refills
Weakness	• Limited presence	• Poor retail environment • Limited assortment due to SKU proliferation (over 100K SKUs sold in Indian market) resulting in lower fill rates	• Lack of assisted selling • Difficulty in catering to acute segment (60%+ of the domestic pharma market which requires quick service and is more profitable as it is less price-sensitive) well as

	Modern B&M Pharmacy	Traditional/ Unorganized Pharmacy	E-Pharmacy
		• Limited discounts (based on relationship and negotiation)	well as Tier 2 and beyond cities due to higher turnaround time • Lack of profitability till date
Opportunity	• Changing retail preferences in favour of modern retail • Ability to ensure COVID appropriate behaviour • Growth in demand for wellness products • Greater proliferation of private labels • Omni channel offering • Allied offerings like diagnostics	• Demand bedrocked in traditional retail as it contributes 90% sales of the industry growing at a CAGR of 7%	• Acceleration in growth due to COVID-19 • Growth in internet penetration leading to wider adoption of e-commerce • Ability to cross sell related products and services
Threats	• Non tech led companies could mismanage inventory resulting in lower turns and lower fulfilment rate • Competition from e-pharmacy	• COVID-19 has posed a serious threat to the brick-and-mortar retailers	• Competition from physical retail stores • Fluidity in regulatory framework

Source: Technopak Research

Market Share of different channels

While traditional retail channels historically constituted a large portion of the pharmacy retail market in India, there has been a recent shift towards modern retail channels such as e-commerce and B&M stores, with consumers now increasingly inclined to purchase regular prescription drugs and other wellness products from modern organized pharmacy retail outlets that offer the benefit of an enhanced retail environment, the assurance of authentic drugs, transparent discounts and a wide variety of products. This trend has been accelerated by the outbreak of the COVID-19 pandemic.

The table and graph below set out the market share of modern retail channels vis-à-vis traditional retail channels as of financial years 2015, 2019, 2020 and 2021, and projected as of financial year 2025.

Values in INR Crore	FY 2015	FY 2019	FY 2020	FY 2021	FY 2025	CAGR FY 2015-20	CAGR FY 2020-25	CAGR FY 2021-25	Growth FY 2020-21
Total	**1,10,000**	**1,57,158**	**1,72,500**	**1,81,125**	**2,72,500**	**9%**	**10%**	**11%**	**5%**
Modern Retail	**5,500**	**13,725**	**17,250**	**20,475**	**53,500**	**26%**	**25%**	**27%**	**19%**
E-commerce (including omni-channel)	100	1,816	3,750	5,625	23,000	106%	44%	42%	50%
Omni-Channel Players	*1*	*300*	*350*	*600*	*2,500*	*223%*	*48%*	*43%*	*71%*
Online Only Players	*99*	*1,516*	*3,400*	*5,025*	*20,500*	*103%*	*43%*	*42%*	*48%*
B&M	5,400	11,239	13,500	14,850	30,500	20%	18%	20%	10%
Traditional	**1,04,500**	**1,43,433**	**1,55,250**	**1,60,650**	**2,19,000**	**8%**	**7%**	**8%**	**3%**
B&M + Omni Channel for Pharmacy Chains	5,401	11,539	13,850	15,450	33,000	21%	19.0%	21%	12%

Source: Technopak Research
E-commerce includes digitally (voice and data) enabled sales by Brick chains and sales by online only players

Note: 1 crore = 10 million

Market segmentation

In the financial year 2021, the penetration of the organised pharmacy retail market at a pan-India level was estimated to be ~11%. However, the presence of organised pharmacy retail is concentrated in the metros and mini metros, with the top eight cities contributing close to 32% to the total pharmacy retail market and 62% to the total organized pharmacy market in India. The penetration is very low in the rest of the country, contributing to 68% of the overall pharmacy retail. Penetration of modern pharmacy retail is at ~60-70% in United States, ~35-40% in European Union, and ~30-40% in China which further indicates the potential for increase in organized pharmacy market growth. The tables below set out the penetration of organised pharmacy retail across different cities in India (including categorisation by types of cities):

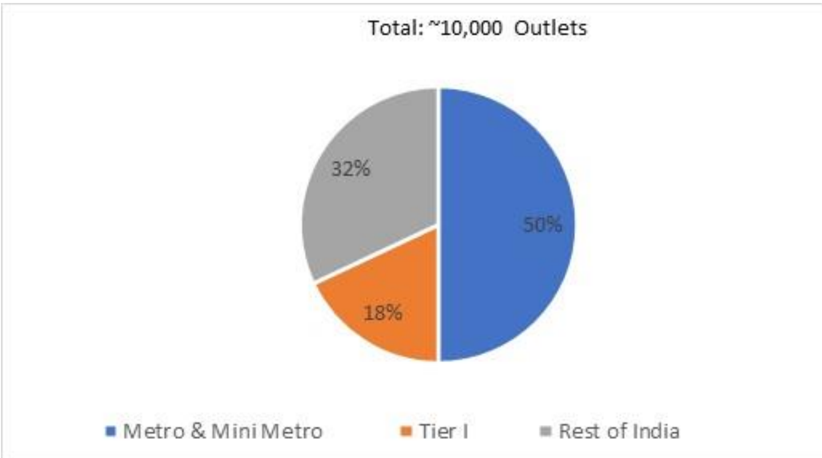
City -Type	Overall Pharmacy Retail Market (₹ Crore) – FY 2021	Organised Pharmacy Retail Market (₹ Crore) – FY 2021	Penetration of Organised Retail
Metro & Mini metros	57,960	12,648	22%
Tier I	57,960	4,140	7%
Tier II & beyond	65,205	3,686	6%
Total	1,81,125	20,475	11%

Source: Technopak Research
Note: 1 crore = 10 million

City	Population in Mn (2021)	Pharmacy Retail Market (₹ Cr) - FY 2021	Organised Pharmacy Retail Market (₹ Cr) - FY 2021	Penetration of Organised Retail
Greater Mumbai	28	12,625	3,156	25%
Delhi NCR	30	13,561	1,627	12%
Kolkata	20	8,806	1,585	18%
Chennai	12	5,246	1,836	35%
Hyderabad	10	4,674	1,683	36%
Bangalore	12	5,127	1,846	36%
Ahmedabad	9	3,832	383	10%
Pune	9	4,089	532	13%
Total	**130**	**57,960**	**12,648**	**22%**

Source: Technopak Research
Note: 1 crore = 10 million

While modern B&M pharmacy retail outlets in metro and mini-metro cities and Tier 1 cities contribute close to 68% of the total number of outlets in the country, they are yet to increase penetration into the other markets across the country. While the value proposition of discounted prices, availability, fill rates, low turnaround time is more relevant for Tier 2 cities and rest of India, penetration of the organized pharmacy retail segment remains quite low in these cities, indicating a headroom for growth. The pie chart below sets out the city-type share of organised pharmacy retail outlets across the country.



Source: Technopak Research

EVOLVING TRENDS IN THE PHARMACY RETAIL INDUSTRY IN INDIA

- **Gradual transition towards modern formats (offline + online)**: Penetration of modern retail in pharmacy is relatively lower than most other categories except food and grocery. However modern pharmacy retail is estimated to grow at a rate of 25%, growing faster than other categories. Inclination towards modern pharmacy is being witnessed on account of better customer experience, wider product range, value added services and transparent discounts.
- **Rapid development of online channel:** The e-commerce and omni-channel retail is expected to grow at a CAGR of 44%, with pharmacy e-commerce expected to be one of the fastest growing segments after food and grocery. B&M stores are in position to capitalise on this growth with their digitally-enabled platform linked with the physical stores and warehouses which will allow them to grow at faster pace. While the offline sales of omnichannel model are included in the B&M sales, the online sales of omnichannel players is included in the e-commerce retail.
- **Organized Pharmacy Retail operates with better unit economics**: Pharmacy retail operates on high inventory turns and can take advantage of economies of scale due to a reduction in the cost of holding, improving sales per square foot and working capital efficiency. The table below sets out the unit economics for various organized retail segments operating modern retail formats:

	Pharmacy Retailing	Food & Grocery Retailing	Jewellery Retailing	Apparel Retailing	Food Services (QSR)
Typical order Value (₹)	250-500	500-1000	20,000-1,00,000	2,000-3,000	500-550
Typical store Area (sq. ft.)	~500	1,500-2,500	3,000-5,000	1,000-1,500	1,200-1,600
Typical store Revenue per month (₹ million)	1-2	3-5	40-60	1.5-2.5	2.5-3.5
Average Revenue per sq. ft. per year (₹)	30,000-50,000	~24,000	~1,40,000	~20,000	~26,000
Inventory Cost (₹ million)	1-2	2.8-3	300-400	~7	1-1.5
Inventory Turns	4-6 times	12-15 times	2 times	3-4 times	24
Promotional expense as % of store revenue	1%	1-2%	1-3%	5-7%	4-5%
Employee Cost as % of store revenue	3-5%	5-8%	1-2%	8-10%	9-12%
Capex per store (₹ million)	0.4-0.8	3.2-3.5	30-40	3-3.5	15-25
Share of Private Labels	5-10%	15-20%	100%	Varies	100%
Number of SKUs	5,000-15,000	4,000-5,000	1000-1500	500-600*	35-40**
Store-level Pay Back Period	~3 years	3 years	~3-4 years	~2-4 years	~3-4 years
Steady-State Store-level RoCE	45-50%	30-35%	20-25%	25-40%	25-35%
Omni-channel Readiness	High	High	Low	Medium	Medium

Sources: Secondary research, Primary Interviews, Technopak Research
**SKUs for clothing does not include size variants. Only colour and style options*
***** Combos/meals and Size variations are not included in the SKUs*

- **Emergence of nutraceuticals**: At present, the United States, Japan and Europe account for more than 90% of the total global nutraceutical market, and globally, nutraceuticals have gained importance and become a part of the consumer’s daily diet, particularly among the aspirational consumer segments across key markets. This is primarily due to the increasing prevalence of lifestyle diseases and conscious shift towards preventive healthcare measures. India accounts for almost 2% of the global nutraceutical market, and the Indian nutraceutical market is estimated to be around ₹ 532.5 billion in financial year 2020, and estimated to be worth approximately ₹ 1,290 billion by financial year 2025 at a CAGR of 19-20%. Organized B&M retailers have an advantage over online competitors due to better product discovery and store staff led education. The key factors driving growth in this segment are unhealthy consumer lifestyles, rise in non-communicable diseases, impact of COVID-19, an increase in consumer awareness, urbanization and growing income levels, informed sales staff and the growth of modern pharmacy retail.

- **Cross-selling with FMCG products with good margins:** FMCG products account for approximately 15-20% of the overall revenue of organised pharmaceutical stores. The table below sets forth the share of sales of food and non-food FMCG products through FMCG grocery stores and pharmacy retail stores:

	Market Size (INR Crore) – FY 2020	**CAGR (FY 2020-2025)**	**Share of Sales from Pharmacy Formats**
Functional Food & Beverages	21,750	19%	15%
Dietary Supplements	31,500	20%	65%
Personal care & Home Hygiene	1,38,800	7%	4%

Sources: Secondary research, Primary Interviews

Note: 1 crore = 10 million

- **Emergence of self-diagnostic devices**: Manufacturers of health-tech devices that allow users to self-diagnose ailments and monitor health risks have witnessed a surge in sales growth, further buoyed by the impact of the COVID-19 pandemic. While blood pressure monitors, diabetes kits, weighing machines, thermometers have traditionally formed bulk of the demand, the COVID-19 pandemic has caused a spike in demand for oximeters and pulse monitors. Modern pharmacy chains have benefitted from this recent emergence, due to 1) better availability of such products, and 2) suitability of such products, which generally have high brand agnosticism, to selling via private labels .
- **Loyalty programs aid customer retention**: Established market players such as Apollo and the MedPlus have developed customer loyalty platforms that enable greater customer acquisition and improved customer retention through the utilisation of advanced data analytics, the ability to offer discounts and leveraging loyalty driven behaviour to up-sell and cross-sell.
- **Ecosystem Play**: Besides dispensing pharmaceutical and FMCG products, modern pharmacies are now building up a complete ecosystem of related services in order to acquire customers. They have augmented their proposition by offering a wide range of value-added services like appointments for doctors, online consultation, health blogs, medicine reminders & refills alerts, tie ups with diagnostic centres.
- **Increase focus on private label products to drive higher margins**: Private labels in pharma and wellness retailing is expected to grow at 36% CAGR between financial year 2020 and financial year 2025, thereby increasing its share from 8% of the industry in financial year 2020 to 12% by financial year 2025. The share of private brands in retail sales is close to 20 to 24% across big retailers such as CVS Pharmacy, Walgreen Boots, Rite Aid in USA. Private label products across prescription drugs, OTC, Wellness consumables, Devices and consumables, consumer food and non-food, yield higher margins for retailers (for example 48-67% for private label prescription drugs vs 28-37% for branded prescription drugs) and are typically priced lower than established brands and focused on building customer loyalty. Private label products are now common not only in fast-moving brand agnostic categories but also other categories such as prescription drugs and personal care. Industry leaders have a clear lead over their smaller competitors with higher requirement of private label in each category thereby enabling them to meet the Minimum Order Quantity (MOQ) of the contract manufacturers.

COMPETITIVE BENCHMARKING – PHARMACY RETAIL MARKET

INDICATIVE COMPARISON OF UNIT ECONOMICS OF ORGANIZED PHARMACY RETAIL CHAINS AND UNORGANIZED PHARMACY STORES

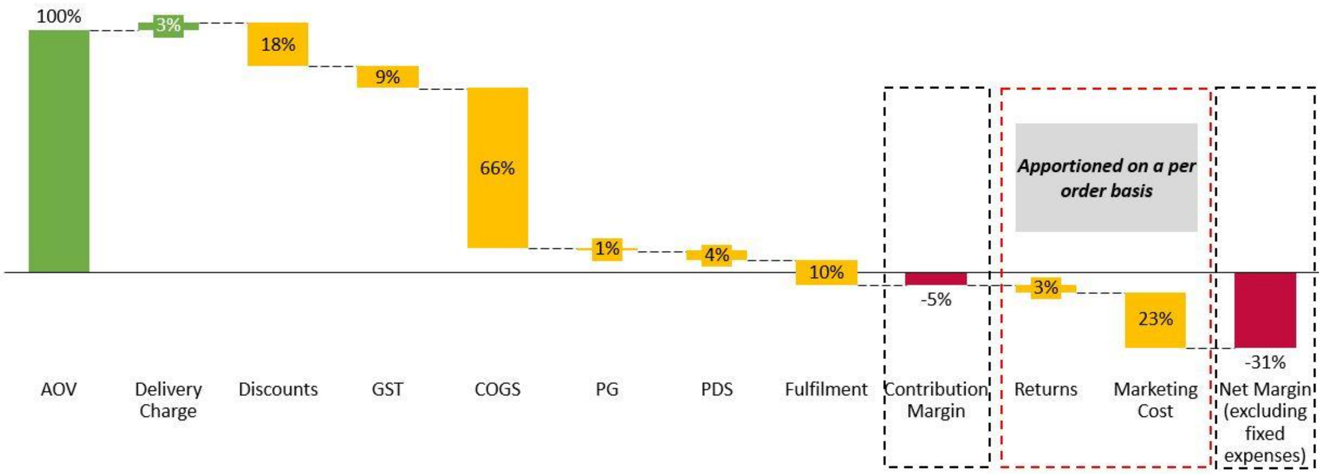
Heads (Share of Net Sales)	**Pharmacy led Retail Chains**	**Independent Pharmacy**
Store Size (in sq. ft.)	200-700+	150-500+
Average sales /Day (in ₹)**	30,000-50,000	4-6,000
SKUs	4,000-10,000	2,000-6,000
COGS	78-83%	86-88%

Heads (Share of Net Sales)	Pharmacy led Retail Chains	Independent Pharmacy
Gross Margins	17-22%	12-14%
Employee Benefit Expense	3-5%	3-5%
Advertisement	0-1%	0-1%
Rent Expense	1-3%	1-3%
Other Store Level Expenses	1-2%	2-4%
Store Level Operating EBITDA	9-12%	3-6%
Retail Discounts (On MRP Sales)*	0-20%	0-10%
Capex for Initial Build and Opening (in ₹)	4-8 Lacs	1-4 Lacs

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis
All Values based on pharmacy revenue
**Discounts based on MRP of products retailed from pharmacy*
***Based on per stores metrices for major retailers*

INDICATIVE UNIT ECONOMICS OF ONLINE DELIVERY FOR E-PHARMACIES

The Online pharmacy delivery is in a nascent stage in the country and yet to see profitable growth Driven by high customer acquisition cost and delivery cost which the industry is projected to rationalize in future. A unit sale from online pharmacy provides a contribution margin of -4 to -5% on Maximum Retail Price ("**MRP**") but has additional costs of returns and customer acquisition.



Source: Primary Research, Secondary Research, Technopak Analysis
Contains Variable expenses, fixed expenses such as corporate overheads and investments are not included

AOV - Average order value for online sales currently stands at 950-1050 (on MRP sales)

Delivery charge – Charge levied for delivery on online order, the delivery charge levied currently ranges from ₹ 20-40 per order

Discounts – Discounts are offered by e-pharmacies to customers on MRP of the order value

GST – Goods & Service Tax, the indirect taxes levied one sales of pharmacy products.

COGS – Cost of Goods Sold

PG Charge – Payment Gateway cost, associated with online transaction for an order

PDS Expenses – Packaging, distribution and storage expenses (warehouse costs) associated with handling an online order by a E-pharmacy.

Fulfilment Cost – Fulfilment and delivery cost associated with online order, the delivery cost per order is approximately INR

85-115, the average deliver time for Metro cities is 18-36 hours, while the same for Tier 1 and Tier 2 cities is 48-72 hours, also includes margins shared with retailer partner in hyperlocal delivery model.

Returns – Cost incurred for return orders, current returns stand at 15-20% of the orders are returned, incurring a cost of INR 180 in the return logistics, payment reprocessing and fulfilment cost. The main reasons for returns are delay in delivery, wrong product etc.

Marketing Cost –includes the marketing and online promotion costs to acquire customers. Marketing cost is apportioned over the repeat purchases made by the customer.

STORE COUNT

As of March 31, 2021, MedPlus had 2,081 stores across India, and was the second largest pharmacy retailer after Apollo Pharmacy. The table below sets out the number of stores operated by the top three pharmacy retailers in number of stores, as of March 31, 2021, March 31, 2020, March 31, 2019 and March 31, 2018; the CAGR in store count between March 31, 2019 and March 31, 2021; and net store additions between March 31, 2019 and March 31, 2021.

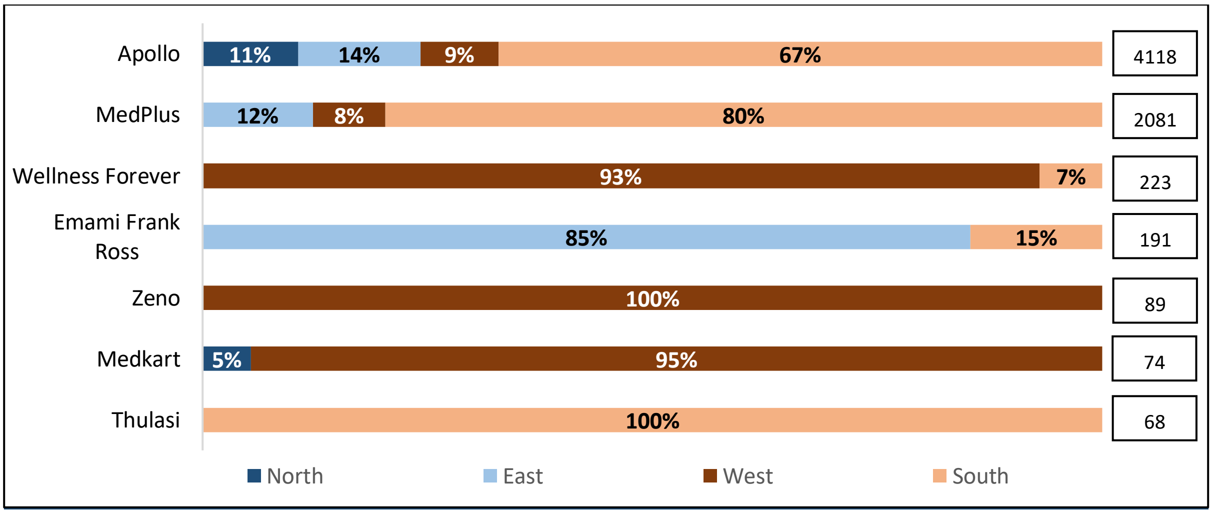
Player	Store Count as of				CAGR (March 31, 2019 to March 31, 2021)	Net Store Additions (from March 31, 2019 to March 31, 2021)
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021		
Apollo Pharmacy	3021	3428	3766	4118	**9.6%**	**690**
MedPlus	1488	1653	1775	2081	**12.2%**	**428**
Wellness Forever	107	139	172	223	**26.7%**	**84**

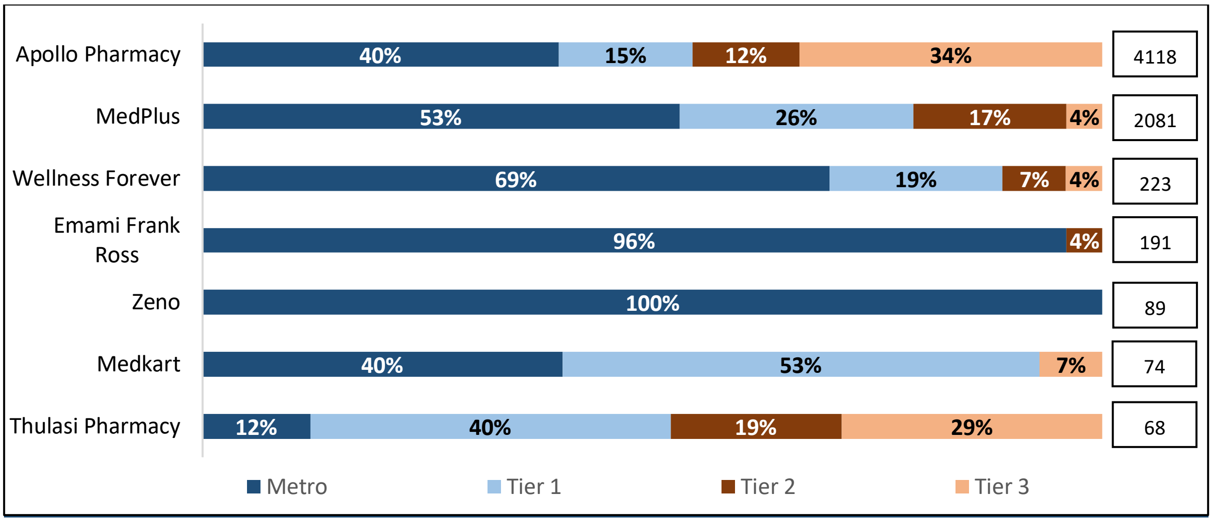
Source: Primary Research, Secondary Research, Company filings, Technopak Analysis

REGIONAL PRESENCE

Store Mix

The tables below set forth the store mix for key pharmacy retailers across different regions and cities in India (including metros (also considers mini metros), Tier 1 cities, Tier 2 cities and Tier 3 cities) as on March 31, 2021.





Source: Primary Research, Secondary Research, Company filings, Company websites and Technopak Analysis
Numbers in boxes represents total number of stores in India as per latest numbers on March 31, 2021.
Regional mix based on stores given on company's website

State-wise presence

The table below sets out the state-wise presence of key pharmacy retailers, as of March 31, 2021:

State Wise Store Presence (March 31, 2021)				
States	**Apollo Pharmacy**	**MedPlus**	**Wellness Forever**	**Emami Frank Ross**
Tamil Nadu	850	447		
Karnataka	604	514	15	28
Andhra Pradesh	634	263		
Telangana	655	435		
West Bengal	425	183		163
Maharashtra	130	166	193	
Orissa	100	73		
Other States	250		15	
Total Stores	**4118**	**2081**	**223**	**191**

Source: Primary Research, Secondary Research, Company filings, Company websites, Technopak Analysis

Focus regions

The table below sets out the retail presence of key pharmacy retailers in India, as of financial year 2021:

Player	Focus States	Focus Cities
Apollo Pharmacy	Tamil Nadu, Telangana, Karnataka, Andhra Pradesh, West Bengal, Delhi	Hyderabad, Bangalore, Chennai, Kolkata, Vizag, Ahmedabad, Delhi - NCR, Mumbai - MMR
MedPlus	Karnataka, Andhra Pradesh, West Bengal, Orissa, Tamil Nadu, Telangana, Maharashtra	Hyderabad, Bangalore, Chennai, Kolkata, Pune, Bhubaneshwar, Vijayawada, Cuttack, Nagpur, Mysore
Wellness Forever	Maharashtra	Mumbai – MMR, Nasik, Pune
Zeno Health	Maharashtra	Mumbai – MMR
Emami Frank Ross	West Bengal	Kolkata
Medkart	Gujarat	Ahmedabad, Vadodara
Thulasi Pharmacy	Tamil Nadu	Coimbatore, Chennai, Tiruchirappalli

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis

REVENUE

As of financial year 2021, MedPlus accounted for the second-highest revenue from operations amongst major pharmacy retailers in India. The table below sets forth the revenue from operations in ₹ crores for the five key pharmacy retailers, as of financial years 2019, 2020 and 2021, and the CAGR in revenue from operations between financial years 2019 and 2021.

Player	FY 2019	FY 2020	FY 2021	CAGR (FY2019-2021)
Apollo Pharmacy	3886	4821	5610#	**20.2%**
MedPlus	2273	2871	3069	**16.2%**
Wellness Forever	684	871	892	**14.2%**
Emami Frank Ross	405	447	NA	**10.4%***
Thulasi Pharmacy	125	139	NA	**11.5%***

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis

** CAGR for Emami Frank Ross and Thulasi Pharmacy computed for FY2019 to FY 2020 period as FY 2021 data was not available*

 # Revenue for Apollo Pharmacy for FY2021 reported on like-for-like basis to its FY 2020 revenue without taking into consideration the restructuring that the company undertook in September 2020

Note: 1 crore = 10 million

AVERAGE REVENUE PER STORE

The table below sets out the average revenue per store in ₹ crores for key pharmacy retailers in India for financial years 2019, 2020 and 2021, and CAGR from financial years 2019 to 2021.

Player	FY 2019	FY 2020	FY 2021	CAGR (FY2019-2021)
Apollo Pharmacy	1.21	1.34	1.42#	8.7%
MedPlus	1.45	1.67	1.59	4.9%
Wellness Forever	5.56	5.60	4.52	-9.9%

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis
Average revenue per store computed as revenue for the financial year divided by average store count for the financial year (Average store count for the year = Store count at the beginning of the year + Store count at the end of year)/2)

 # Average revenue per store for Apollo Pharmacy for FY2021 reported on like-for-like basis to its FY 2020 average revenue per store without taking into consideration the restructuring that the company undertook in September 2020

Note: 1 crore = 10 million

OPERATING EBITDA AND OPERATING EBITDA MARGINS

The table below sets out the Operating EBITDA in ₹ crores and Operating EBITDA margins for key pharmacy retailers in India for financial years 2019, 2020 and 2021, and CAGR from financial years 2019 to 2021.

Player	FY 2019	FY 2020	FY 2021	CAGR (FY2019-2021)
Apollo Pharmacy	202	289	359#	**33.3%**
Margin	*5.20%*	*6.00%*	*6.40%*	
MedPlus	66	99	175	**63.2%**
Margin	*2.89%*	*3.45%*	*5.70%*	
Wellness Forever	27	33	NA	**19.7%***
Margin	*3.98%*	*3.74%*	*NA*	
Emami Frank Ross	40	46	NA	**15.7%***
Margin	*9.86%*	*10.34%*	*NA*	
Thulasi Pharmacy	3	4.7	NA	**56.7%***
Margin	*2.40%*	*3.37%*	*NA*	

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis
Note 1:

Operating EBITDA for Wellness Forever, Emami Frank Ross and Thulasi Pharmacy are computed from company filings as profit after tax plus tax expenses, depreciation and amortization expense, and finance costs minus interest income.

Operating EBITDA for Apollo Pharmacy is as per the EBITDA Pre Ind As 116 as reported by the company in its quarterly filings. Operating EBITDA for Medplus is calculated as EBITDA plus Employees stock option compensation expenses and Net loss on fair value changes, minus interest income and Rental expenses. Rental expenses represents actual rental expenses incurred by the Company in the respective years without giving effect of Ind AS 116. Upon adoption of IND AS 116 by the Company rental expenses under other expenses are now recognized as finance costs amounting to ₹ 465.34, ₹ 402.24, ₹ 338.76 for the financial year ended 31 March 2021, 2020 and 2019 respectively and depreciation and amortization expenses amounting to ₹ 708.47, Rs 589.34, Rs 446.33 for the financial year ended 31 March 2021, 2020 and 2019 respectively. Operating EBITDA Margin is the percentage of Operating EBITDA divided by revenue from operations.

We believe Operating EBITDA and Operating EBITDA Margin are better measures of the operating performance of pharmacy retail businesses given the large retail footprint involving rental expenses.

Note 2: 1 crore = 10 million
#Apollo Pharmacy Operating EBITDA numbers are reported on a like-for-like basis to its FY 2020 Operating EBITDA without taking into consideration the restructuring that the company undertook in September 2020. Further, Apollo Pharmacy Operating EBITDA numbers don't include operating costs related to their Digital Offering called '24/7'

** CAGR for Wellness Forever, Emami Frank Ross and Thulasi Pharmacy computed for FY2019 to FY 2020 period as FY 2021 data was not available*

AVERAGE OPERATING EBITDA PER STORE

The table below sets out the average Operating EBITDA per store in ₹ lakhs for key pharmacy retailers in India as of financial years 2019, 2020 and 2021, and CAGR from financial years 2019 to 2021.

Player	FY 2019	FY 2020	FY 2021	CAGR (FY2019-2021)
Apollo Pharmacy	6.26	8.04	9.11#	**20.6%**
MedPlus	4.18	5.78	9.08	**47.3%**
Wellness Forever	22.11	20.94	NA	**-5.3%***

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis
Note: Average Operating EBITDA per store computed as Operating EBITDA for the financial year divided by average store count for the financial year (Average store count for the year = Store count at the beginning of the year + Store count at the end of year)/2)
Note: 1 million = 10 lakhs
** CAGR for Wellness Forever computed for FY2019 to FY 2020 period as FY 2021 data was not available*
 # Average Operating EBITDA per store for Apollo Pharmacy for FY2021 reported on like-for-like basis to its FY 2020 average Operating EBITDA per store without taking into consideration the restructuring that the company undertook in September 2020

SHARE OF PRIVATE LABEL SALES

The table below sets out the share of sale of private label products for key pharmacy retailers as of financial years 2019, 2020 and 2021.

Player	FY2019	FY 2020	FY 2021
Apollo Pharmacy	~6%	~8%	~10%
MedPlus#	4.5%	5.7%	10.4%
Wellness Forever	~1%	~2%	~2%

Source: Primary Research, Secondary Research, Company filings, Technopak Analysis
#Includes trade generics

OMNICHANNEL SALES CONTRIBUTION

The table below sets out the start year for sales via omnichannel and the share of omnichannel sales as a percentage of total sales for key pharmacy retailers as of financial years 2020 and 2021.

	Year of start of Omnichannel selling	Contribution to Sales FY 2020 (Pre-COVID-19)	Contribution to Sales FY 2021 (Post-COVID-19)
Apollo Pharmacy	2019	1-2%	2-5%
MedPlus	2015	7.0%	9.0%
Wellness Forever*	2016	9-10%	11-12%

*Sources: Secondary research, Primary Interviews * Includes digitally (voice and data) enabled sales*

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements. You should also read the section "Forward-looking Statements" on page 23, the section "Risk Factors" on page 25, "Financial Information" on page 179 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 258.

We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Consolidated Financial Information or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of our Restated Consolidated Financial Information and other information relating to our business and operations included in this Draft Red Herring Prospectus.

Unless otherwise indicated or the context otherwise requires, in this section, references to the "Company" or "our Company" are to MedPlus Health Services Limited on a standalone basis, and references to the "Group", "we", "us", "our", are to MedPlus Health Services Limited and its subsidiaries on a consolidated basis.

The industry-related information contained in this section is derived from the Technopak Report, dated August 12, 2021. We commissioned and paid for the Technopak Report for the purposes of confirming our understanding of the industry in connection with the Offer.

Overview

We are the second largest pharmacy retailer in India, in terms of (i) revenue from operations for the financial year 2021, and (ii) number of stores as of March 31, 2021, according to the Technopak Report. We offer a wide range of products, including (i) pharmaceutical and wellness products, including medicines, vitamins, medical devices and test kits, and (ii) fast-moving consumer goods, such as home and personal care products, including toiletries, baby care products, soaps and detergents, and sanitizers. Our Company was founded in 2006 by Gangadi Madhukar Reddy, our Managing Director and Chief Executive Officer, with the vision to set up a trusted pharmacy retail brand that offers genuine medicines and delivers better value to the customer by reducing inefficiencies in the supply chain using technology. Our operations are primarily distributed between the Issuer and Subsidiaries, as further described under "*Our Business - Description of our Business*" on page 126.

We have maintained a strong focus on scaling up our store network, having grown from operating our initial 48 stores in Hyderabad at the conception of our business to operating India's second largest pharmacy retail network of over 2,000 stores distributed across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, West Bengal and Maharashtra, as of March 31, 2021, according to the Technopak Report. Stemming from our focus on growing and achieving leadership in the key cities where we operate, for the financial year 2021, our share of the organized pharmacy retail market, based on revenue from operations, in Chennai, Bangalore, Hyderabad and Kolkata stood at approximately 30%, 29%, 30% and 22%, respectively, according to the Technopak report. Our number of stores has grown since the conception of our business and, as of June 30, 2021, we operated 520 stores in Karnataka, 458 stores in Tamil Nadu, 443 stores in Telangana, 274 stores in Andhra Pradesh, 201 stores in West Bengal, 186 stores in Maharashtra and 83 stores in Odisha. We have continued to expand our store footprint in key cities where we operate and, between March 31, 2010 and June 30, 2021, our number of stores in Chennai grew over four-fold from 62 to 293 stores, our number of stores in Bangalore grew three-fold from 110 to 331 stores, our number of stores in Hyderabad grew over two-fold from 141 to 309 stores, and our number of stores in Kolkata grew over eight-fold from 22 to 201 stores. In terms of number of stores as of March 31, 2021, we ranked 1st in Chennai and Bangalore, and 2nd in Hyderabad and Kolkata, according to the Technopak report.

We employ a data analytics driven cluster-based approach to our store network expansion, whereby we first achieve high store density in a densely-populated residential area within a target city before expanding our store network in the surrounding areas within that city, followed by expansion into other adjacent cities. Our cluster-based approach to store network expansion is also driven by our understanding of the catchment demographics, market dynamics, and our ability to support store expansion with back-end infrastructure, such as warehouses and distribution centres. We believe that this approach and understanding allow us to (i) create brand visibility within the cities where we operate, through focused implementation of marketing and advertising initiatives, (ii) increase our market share in the cities where we operate, (iii) replicate our growth model in adjacent under-served cities and towns, as we develop our presence in those clusters, and (iv) generate cost efficiencies due to operating leverage achieved in our supply chain and inventory management. We have a streamlined and methodical store opening process, and dedicated operations and business development teams at the area, city and state levels that would vet and approve the opening of new stores.

Our cluster-based expansion approach and replicable store roll-out strategy have allowed us to achieve and maintain attractive and healthy store level economics. According to the Technopak Report, for the financial year 2021, our average revenue per store was approximately ₹15.9 million, as compared to the average revenue per store in the domestic pharmacy retail industry of approximately ₹2.3 million. Between the April 1, 2018 and the March 31, 2021, we opened an aggregate of 882 new stores and over 60.0% and 75.0% of our new stores achieved a positive Store Level Operating EBITDA within the first three months and first six months of operations, respectively. Further, as of March 31, 2021, our Mature Stores had a median payback period of less than 3 years and demonstrated a compounded average same store sales growth of 8.3% on maximum retail price ("**MRP**") from financial year 2019 to financial year 2021. For the financial year 2021, our Store Level Operating EBITDA Margin for Mature Stores was 11.0%, and our Store Level Operating ROCE for Mature Stores for the same period was over 60%.

We are the first pharmacy retailer in India to offer an omni-channel platform, according to the Technopak Report. Commencing in 2015, our customers could either visit our stores or access our offerings online, through our website and mobile application. Through this omni-channel model, we seek to (i) deepen and extend our customer reach for each of our stores, (ii) enhance "convenience" as a core customer value proposition, and (iii) retain customers within our ecosystem. Accordingly, our customers have multiple options to transact with us, including (a) purchasing products at one of our stores, or (b) placing an order through a telephone call to receive delivery of their purchased products, or (c) placing an order online to receive delivery of their purchased products, or (d) "Click and Pick", by placing an order online and picking up their purchased products from one of our stores. We started actively focussing on online sales in the financial year 2020. Over the last two years, revenue from our online sales channel has steadily increased and for the financial year 2021 and 2020, accounted for 8.98%, and 6.99% of our total revenue from operations, respectively. As part of our focus on "speed" and "convenience" as a customer value proposition for customers who place an order online to receive delivery of their purchased products, we offer delivery for online purchases in the cities in which we have stores, leveraging our dense store network for last-mile delivery from our stores. Further, with our wholly-managed and operated last-mile delivery infrastructure from our stores, we are now able to deliver our customers' online purchases within two hours of purchase in select cities of Hyderabad, Bangalore, Kolkata, Pune and Nagpur. These services were started in the financial year 2021, and recent pilots conducted in July, 2021, have showed promising results where 93% of online delivery purchases were delivered within two hours in select micro-markets of Hyderabad. We expect to expand our ability to deliver online purchases within two hours of purchase in cities such as Chennai and Mumbai by December 31, 2021.

Our business operations across the entire value chain are backward integrated and are wholly-managed and operated by us. Our operations are supported by our technology-driven supply chain and distribution infrastructure, organized in a hub-and-spoke model, which we believe provides us with a strong foundation and significant leverage to continue to scale our business. Our entire business value chain, from sourcing of products, to warehousing, to distribution to our stores, to store operations and interfacing with customers, and to last mile delivery, is supported by our integrated technology infrastructure, which we have developed in-house. As of June 30, 2021, we have a primary warehouse, in each of Bangalore, Chennai, Hyderabad, Vijayawada, Kolkata, Pune, Bhubaneshwar, Mumbai and Nagpur. These warehouses are supported by smaller warehouses in cities where we have higher store density. These technologically enabled warehouses form hubs for our stores, and our stores' inventories are replenished through our centralized inventory management system, which is capable of tracking the sales and inventory levels at our stores and warehouses in real-time. We manage our fleet of vehicles and delivery personnel to facilitate the transportation of inventory between our warehouses and stores, generally providing for daily inventory replenishment for our stores located in densely populated metropolitan areas and thrice per week for stores in other cities. Our supply chain is supported by an algorithm driven automated replenishment and stock picking system that is driven by a real time inventory analytics platform, which we have developed in-house and refined over the last ten years. We generally procure our inventory directly from pharmaceutical companies and their carry forward agents, in an effort to reduce commissions and leakages in our value chain, and offer products at more affordable price points to our customers. Our product offering is enhanced by our curated selection of private label products, from which we are able to derive higher margins while maintaining quality. We believe that all of the aforementioned attributes of our technology driven supply chain and distribution infrastructure distinguish us from other pharmacy retailers.

Our business operations are led by a qualified and experienced management team, comprised of individuals who come from diverse backgrounds and various fields of expertise, such as medicine, finance, business and technology. The founder, Managing Director and Chief Executive Officer of our Company, Gangadi Madhukar Reddy, both a doctor and an entrepreneur, plays an instrumental role in the strategic direction and growth of our business. Our Company's shareholders include marquee investors, including Lavender Rose, belonging to the Warburg Pincus group, and affiliates of Premji Invest, and we maintain strong corporate governance and internal controls.

We have an established track record of delivering strong financial performance. Between financial year 2019 and financial year 2021, our total revenue from operations grew at a compound annual growth rate ("**CAGR**") of 16.21% from ₹22,727.37 million to ₹30,692.69 million, as opposed to the Indian pharmacy retail industry, which grew at a CAGR of 7.3% for the same period, according to the Technopak Report. For financial years 2021, 2020 and 2019, our profit after tax and profit after tax margin was ₹631.11 million and 2.06%, ₹17.94 million and 0.06%, and ₹119.22 million and 0.52%, respectively. Our Adjusted

EBITDA grew at a CAGR of 43.98% from ₹1,304.34 million in financial year 2019 to ₹2,703.79 million in financial year 2021. Our Operating EBITDA grew at a CAGR of 63.21% from ₹657.25 million in financial year 2019 to ₹1,750.64 million in financial year 2021. Our Operating ROCE for the financial years 2021 and 2020 was 26.08% and 19.87%, respectively. For a reconciliation of our profit for the period to Adjusted EBITDA and Operating EBITDA and a calculation of Adjusted EBITDA Margin % and Operating EBITDA Margin %, see "*Financial Information — Other Financial Information*" on page 256 and "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19.

Our Competitive Strengths

We believe we have the following competitive strengths:

India's Second Largest Pharmacy retailer

We are the second largest pharmacy retailer in India, in terms of (i) revenue from operations for the financial year 2021, and (ii) number of stores as of March 31, 2021, according to the Technopak Report. For the financial year 2021, our total revenue from operations represented approximately 15% share of the organized pharmacy retail market in India, according to the Technopak Report.

We operate 2,165 stores distributed across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, West Bengal and Maharashtra as of June 30, 2021. In addition to being the second largest pharmacy retailer, we focus on growing and achieving market leadership in the key cities where we operate. For the financial year 2021, according to the Technopak Report, our share of the organized pharmacy retail market based on revenue from operations in Chennai, Bangalore, Hyderabad and Kolkata stood at 30%, 29%, 30% and 22% respectively. In terms of number of stores as of March 31, 2021, we ranked 1st in Chennai and Bangalore, and 2nd in Hyderabad and Kolkata, according to the Technopak report.

According to the Technopak Report, India's pharmacy retail market is expected to grow at a CAGR of approximately 11% between financial year 2021 to financial year, 2025, from ₹1,811,250 million to ₹2,725,000 million, in terms of revenue. Further, according to the Technopak Report, the organized pharmacy retail market's share of India's pharmacy retail market, in terms of revenue, increased from approximately 5% in the financial year 2015 to approximately 11% for the financial year 2021. According to the Technopak Report, the organized pharmacy retail market is expected to grow at a CAGR of approximately 27% between financial year 2021 to financial year 2025, from ₹204,750 million to ₹535,000 million, in terms of revenue, primarily through a combination of structural growth in underlying market and gaining market share from the unorganized pharmacy retailers. We expect that our (i) well-established brand, (ii) genuine and good quality pharmaceutical products offering, (iii) wide product offering, (iv) ability to achieve high fulfilment rates, (v) offering of neighbourhood convenience with large store footprint, and (vi) ability to offer competitive pricing to our customers, will continue to drive our gains in market share.

We have also extended our leadership position from offline sales of pharmaceutical products to online sales of pharmaceutical products. Commencing in 2015, we were the first pharmacy retailer in India to offer an omni-channel platform, according to the Technopak Report, whereby our customers could either visit our stores or access our offerings online, through our website and mobile application. For the financial year 2021, we derived ₹2,757.43 million of revenue from sales from our online sales channel.

We believe that our (i) large scale of operations, as described above, (ii) value proposition to customers, as further described in "*— Established brand and value proposition to customers*" on page 121, (iii) business model, as further described in "*— Successful track record of expansion using a distinct cluster-based and replicable store unit expansion approach*" on page 122 and "*— High density store network enhancing omni-channel proposition*" on page 123, and (iv) cost efficient operations, as further described in "*— Lean cost structure and technology driven operations*" on page 124, have driven our growth and have allowed us to be profitable, despite our pricing and discounting strategy.

Established Brand and Value Proposition to Customers

Our "MedPlus" brand has a history and track record of over 15 years, and we believe that it has become a well-established brand that we have positioned to stand for genuine and good quality pharmaceutical products that are offered at affordable prices. We believe that we offer a strong value proposition to a wide range of customers, including:

- *Value Pricing*. Our mission was to setup a company that cuts inefficiencies in the supply chain using technology to deliver better value to the customers. Over a period of time, as we have built scale, we have continued to further reduce our costs that has allowed us to deliver more value to customer in the form of discounts that have increased from up to 10% to up to 20% of the maximum retail price. We cater to a wide range of customers, including discount seekers, customers with urgent needs and customers who value convenience. Our transparent pricing, with discounts based on average order value, allows us to address the needs of different segments appropriately. We offer lower discounts to customers with time-sensitive acute therapeutic needs and lower order value, as compared to higher discounts for price sensitive customers with chronic therapeutic needs and larger order value.

- *Convenience and Fulfilment*. We focus on offering convenience to our customers by making a wide range of products available across our offline and online channels. Our customers can either visit our extensive network of stores, where we have a neighbourhood presence in most cities in which we operate, or access our offerings online, through our website and mobile application, with the option of either picking up products at the store or having it delivered to them. We believe that we have been able to develop a better understanding of our customers' requirements through (i) years of operational experience, (ii) active customer engagement, and (iii) leveraging our real time data analytics platform, which allows us to monitor sales, inventory levels, and analyse customer purchase history for each of our stores. This has allowed us to stock the appropriate selection and amount of products at our stores and also make helpful product suggestions to our customers, to target high fill rates.

- *2-hour delivery capability*. With our wholly-managed and operated last-mile delivery infrastructure from our stores, we were able to deliver our customers' online purchases within two hours of purchase, in select cities. These services were started in the financial year 2021, and recent pilots conducted in July, 2021, have showed promising results where 93% of online delivery purchases were delivered within two hours in select micro-markets of Hyderabad.

- *Engagement*. Our stores present a consistent and uniform customer experience of offering genuine and good quality pharmaceutical products and fast-moving consumer goods at affordable prices. Our stores are operated by trained staff, who are aided by our real time data customer analysis and data, that we believe results in high levels of customer engagement.

The core of our focus, which we believe is the driving force behind our success, has been on our ability to consistently deliver compelling value propositions to our customers.

Successful Track Record of Expansion Using a Distinct Cluster-based and Replicable Store Unit Expansion Approach

We have grown from operating our initial 48 stores in Hyderabad at the conception of our business in 2006 to operating India's second largest pharmacy retail network of over 2,000 stores, distributed across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, West Bengal and Maharashtra, as of March 31, 2021, according to the Technopak Report. We employ a data-analytics driven cluster-based approach to our store network expansion, whereby we first achieve high store density in a densely-populated residential area within a target city before expanding our store network in the surrounding areas within that city, followed by expansion into other adjacent cities. We believe that this approach (i) allows us to create high brand visibility for customers within our key cities, through focused implementation of marketing and advertising initiatives, (ii) leads to our achieving a leading market share in our key cities, (iii) allows us to replicate similar success in adjacent under-served cities and areas, as we develop presence in existing clusters and develop new clusters, and (iv) increase cost efficiency due to economies of scale achieved in our supply chain and inventory management. We focus on extending and maintaining an efficient supply chain and distribution network to support the growth of established and new clusters.

We have a streamlined and methodical store opening process that is focused on the sustainability and profitability of every new store that we roll-out. Our employees are incentivized and equipped to identify potential new store locations and we have dedicated operations and business development teams at the area, city and state levels that would vet and approve the opening of new stores by following a defined store roll-out framework. We seek to ensure that each new store would be in a catchment area serving at least 10,000 to 15,000 people. Our stores are generally of small sizes, approximately 550 to 600 square feet, with uniform design, format and layout, which lend to very short lead times between store location identification, set-up and commencement of operations. Our store roll-out framework also allows us to inexpensively fit out our stores, where, capital expenditure to fit out a store would be approximately ₹0.60 million. Each of our stores would generally only require three to five staff members. Our technology based monitoring of inventory gives us multiple advantages, including (i) maintaining optimum inventory levels at the store, (ii) visibility of stock that is close to expiring, and (ii) enabling us to strategically transfer slow moving inventory from one store to another store, where the same inventory is experiencing higher demand.

Leveraging our cluster based expansion approach, we have experienced substantial growth in terms of our number of stores. The table below sets forth a breakdown of (i) the number of stores and (ii) the states in which the stores were located, as of the dates indicated.

State	Number of Stores, as of					
	March 31, 2010	March 31, 2015	March 31, 2019	March 31, 2020	March 31, 2021	June 30, 2021
Telangana	181	288	352	365	435	443
Andhra Pradesh	125	152	213	226	263	274

Karnataka	166	340	457	485	514	520
Tamil Nadu	101	231	348	373	447	458
West Bengal	22	105	139	148	183	201
Maharashtra	40	65	93	113	166	186
Odisha	0	18	51	65	73	83
Total	**635**	**1,199**	**1,653**	**1,775**	**2,081**	**2,165**

The table below sets forth a breakdown of (i) the number of stores and (ii) the select key cities in which the stores were located, as of the dates indicated.

City	Number of Stores, as of					
	March 31, 2010	March 31, 2015	March 31, 2019	March 31, 2020	March 31, 2021	June 30, 2021
Chennai	62	185	246	264	286	293
Bangalore	110	244	281	311	330	331
Hyderabad	141	234	259	274	299	309
Kolkata	22	105	139	148	183	201
Total	**335**	**768**	**925**	**997**	**1,098**	**1,134**

At the same time, our streamlined and methodical store opening process, and focus on the sustainability and profitability of each store, has allowed us to maintain healthy store level economics. Between the April 1, 2018 and the March 31, 2021, we opened an aggregate of 882 new stores and over 60.0% and 75.0% of our new stores achieved a positive Store Level Operating EBITDA within the first three months and first six months of operations, respectively. Further, as of March 31, 2021, our Mature Stores had a median payback period of less than 3 years and demonstrated a compounded average same store sales growth of 8.3% on MRP from financial year 2019 to financial year 2021. For the financial year 2021, our Store Level Operating EBITDA Margin for Mature Stores was 11.0%, and our Store Level Operating ROCE for Mature Stores for the same period was over 60%, respectively. As of June 30, 2021, our store network comprised of 2,165 stores, of which 51.55% of our total number of stores have been opened since financial year 2018. We expect increased contribution from such stores as they mature and gradually achieve higher growth rates and improved profitability.

High Density Store Network Enhancing Omni-channel Proposition

We are the first pharmacy retailer in India to offer an omni-channel platform, according to the Technopak Report. Commencing in 2015, our customers could either visit our stores or access our offerings online, through our website and mobile application. Our customers have multiple options, including (i) purchasing products at one of our stores, or (ii) placing an order through a telephone call to receive delivery of their purchased products, or (iii) placing an order online to receive delivery of their purchased products, or (iv) "Click and Pick", by placing an order online and picking up their purchased products from one of our stores. Our "Click and Pick" proposition allows our customers the ease of showing their prescription at a store, in cases where uploading the prescription online becomes a challenge. With our wholly-managed and operated last-mile delivery infrastructure from our stores, we are now able to deliver our customers' online purchases within two hours of purchase in select cities of Hyderabad, Bangalore, Kolkata, Pune and Nagpur. These services were started in the financial year 2021, and recent pilots conducted in July, 2021, have showed promising results where 93% of online delivery purchases were delivered within two hours in select micro-markets of Hyderabad. We expect to expand our ability to deliver online purchases within two hours of purchase in cities such as Chennai and Mumbai by December 31, 2021.

Our omni-channel proposition to our customers leverages our existing store networks and supply chain and distribution network to offer a differentiated offering to our customers. Our omni-channel proposition allows us to (i) deepen and extend our customer reach from, and expand the total addressable market for, each of our stores, (ii) further enhance "convenience" as one of our core customer value propositions, (iii) lower incremental cost of operations for online deliveries (as our stores act as branding sites and lower cost of online customer acquisition), and (iv) retain offline and online customers within our customer ecosystem.

According to the Technopak Report, India's e-commerce pharmacy retail market is expected to grow at a CAGR of approximately 42% between financial year 2021 to financial year 2025, from ₹56,250 million to ₹230,000 million. We believe that we are well-positioned to benefit from a fast-growing India e-commerce pharmacy retail market, especially given our significant existing online operations, our pricing and discounting strategy, and our last mile delivery capabilities. We believe that our business model, large scale of operations and cost-efficient operations allow us to be profitable, as compared to many of the major e-pharmacy players, despite our pricing and discounting strategy.

Lean Cost Structure and Technology Driven Operations

We believe that our (i) scale of operations, (ii) wholly-managed and operated supply chain and distribution infrastructure, (iii) strong and integrated technology backbone, and (iv) focus on maintaining cost efficient operations gives us an advantage over our competitors. Key attributes of our cost structure and technology driving our operations include:

- *Cost efficient procurement.* Given our scale of operations, we have developed strong relationships with suppliers over a period of time, which we believe has enabled us to procure products at more favourable rates than our competitors. As the majority of our product procurement is conducted directly from pharmaceutical companies or their carry forward agents, we are also more efficient with our procurement processes and are better able to manage replacement of damage goods or the risk of pilferage. For the financial years 2021, 2020 and 2019, 80.81%, 76.22% and 62.31%, respectively, of our purchases related to branded pharmaceutical products were procured directly from pharmaceutical companies or their carry forward agents.

- *Efficient management and operation of infrastructure.* We wholly manage and operate our integrated operational value chain, including procurement, distribution, stores and our online application. We manage and operate a fleet of vehicles and delivery personnel to facilitate the transportation of inventory between our warehouses and stores, generally providing for daily inventory replenishment for our stores located in densely metropolitan areas and thrice per week for stores in other cities.

- *Technology driven operations.* Our procurement, distribution and store infrastructure are supported by a robust and integrated technology framework. Save for our enterprise resource planning software, which we licence for our use, all of our software is developed and continuously enhanced in-house, using open source platforms, for which no licence fees are required to be paid. Our procurement functions, warehouses and stores are all technology enabled. Our centralized inventory management system is capable of real time tracking of sales and inventory levels at our warehouses and stores. Our automated procurement and stock picking systems are driven by a real time analytics platform. Our technology platform at stores allows (i) monitoring of sales, (ii) analysing customer purchase history and (iii) predict fill rates at different stores in different cities based on underlying demand patterns, which allows for continuously improving fill rates at each store with time.

- *Large scale of operations leading to economies of scale.* Our large scale of operations and dense store network also allows higher efficiency in product distribution to our stores and use of work force, as we are able to enjoy significant economies of scale by leveraging our cost efficient procurement, warehouses, vehicles and delivery personnel, and technology infrastructure to serve more stores.

We believe that we have been able to synergise these operational attributes to harness significant economies of scale, which has enabled us to enjoy higher margins.

Well Qualified, Experienced and Entrepreneurial Board and Senior Management Team

Our business and operations are led by a well-qualified, experienced and capable management team, who come from diverse backgrounds and various fields of expertise, such as medicine, finance, business and technology. Three members of our senior management team are doctors, and intimately understand our business, our industry and the competitive landscape. The founder, Managing Director and Chief Executive Officer of our Company, Gangadi Madhukar Reddy, holds a bachelor’s degree in medicine and surgery from Sri Venkateswara University, and a master’s degree in business administration from the Wharton School of Business, University of Pennsylvania. As both a doctor and an entrepreneur, he has played an instrumental role in the strategic direction and the growth of our business, developing and maintaining key relationships with our shareholders, business suppliers and other stakeholders. Our Board of Directors bring understanding of the pharmaceutical industry, retail businesses and consumer brands in India.

Additionally, our Board of Directors is supported by an experienced management team, many of whom have worked with us for several years, including Dr. Cherukupalli Bhaskar Reddy, our chief operating officer, who was previously a surgeon; Dr. Surendranath Mantena, our chief operating officer – outlet operations, MedPlus Mart, who is a doctor and a US board-certified internist, having practiced internal medicine in the United States; Mr. Hemanth Kundavaram, our chief financial officer, who has previously worked at number of multinational corporations, including IBM Daksh Business Process Services Private Limited, Thomson Corporation (International) Private Limited and Rockwell Collins (India) Enterprises Private Limited, and has over 15 years of experience in corporate finance and accounting; and Mr. Lakshman Kandarpa, our chief retail officer, who has extensive experience in retail management and has previously managed large teams with pan-India operations and large brands, such as Aditya Birla Retail Limited, Pantaloon (Retail) India Limited and Arvind Brands Limited. We believe that our Board of Directors and senior management provides us with a significant competitive advantage as we seek to expand our store network and increase our operating efficiency and profitability.

Our Strategies

The main elements of our business strategy include the following:

Strengthen Our Market Position by Increasing Store Penetration in Existing Clusters and Developing New Clusters

We intend to capitalize on the shift from unorganized to organized retail of pharmaceutical products in India, taking advantage of the low base of organized pharmacy retail penetration and increasing penetration of mobile and internet usage in India, and strengthen our market position by (i) increasing our store penetration and customer reach in existing clusters and (ii) developing new clusters in other states and cities.

According to the Technopak Report, for the financial year 2021, we had an aggregate share of approximately 8% of the pharmacy retail market for our key cities in which we operate, comprising of Hyderabad, Bangalore, Chennai and Kolkata. Further, the penetration of organised retail in the pharmacy retail market in (i) Tier 1 cities and (ii) Tier 2 cities and beyond, is approximately only 7% and 6%, respectively. As such, we believe that there is significant headroom for growth for our existing clusters. We intend to leverage our replicable store roll-out process and well-developed supply chain and distribution infrastructure to increase our market share in the states in which we have established clusters, firstly in Tier 1 cities, including Chennai, Bangalore, Hyderabad and Kolkata, and, subsequently in Tier 2 cities and beyond. We also plan to replicate the success we have had in our key cities, in cities that we have penetrated but have yet to become the leading pharmacy retailer, such as Mumbai and Nashik, as well as across Tier 2 cities and beyond in the existing seven states that we are present.

We also intend to enter into one to two new states every year. To establish our presence in new geographies, we intend to use our cluster based approach and replicable store roll-out process, as well as concurrently develop the required supply chain and distribution infrastructure, including establishing primary warehouses in these states to serve as distribution hubs, building fleets of delivery vehicles and hiring delivery personnel. Where new clusters are started in different regions of a state in which we already have operations, we expect to be able leverage our brand equity in those states to grow these new clusters. We aim to achieve this at lower incremental cost by leveraging increasing economies of scale, including from our established technology framework that we can replicate cost-efficiently across the cities we expand into.

Further Develop Our Omni-channel Platform with a Hyperlocal Delivery Model

We plan to further develop our omni-channel platform with the aim to increase online sales revenue contribution to our total revenue from operations. We intend to leverage our growing store network and focus on deliveries through our growing number of larger format stores, as they tend to be better stocked and are more closely linked to our supply chain and distribution infrastructure. We also aim to enhance our delivery infrastructure and to achieve a higher rate of online delivery purchases reaching our customers within two hours. The 2-hour delivery services were started in the financial year 2021, and recent pilots in July 2021 have showed promising results where 93% of online delivery purchases were delivered within two hours in select micro-markets of Hyderabad. We expect to expand our ability to deliver online purchases within two hours of purchase in such as Chennai and Mumbai by December 31, 2021.

We aim to leverage (i) our ability to offer competitive prices and high rates of online delivery purchases reaching our customers within two hours to increase customer stickiness and retention and (ii) our online sales channel as a strategic avenue to increase the scale of our business and at the same time optimize our profit margins.

Increase Our Share of Private Labels and Enhance Our Stock Keeping Unit ("SKU") Mix

We generally derive higher gross margins from sales of private label products and we intend to increase the range of private label products we offer to enable sales of private label products to grow steadily. We believe that we are well-positioned to purchase and stock more private label products, as we are less constrained by minimum order quantity requirements imposed by suppliers due to the scale of the purchases we are able to make. This would, in turn, allow us to offer our customers a wider range of private label products and, hence, potentially increase our customer wallet share and increase our gross margins.

We intend to (i) increase the penetration of our private label pharmaceutical products by introducing private label products for more therapeutic areas, in particular for sub-chronic and chronic ailments and (ii) introduce new private label products for fast moving consumer goods ("**FMCG**"), in particular, in the consumer categories of nutrition and wellness. To increase our sales of private label products, we also plan to (i) market and advertise our private label products as good quality products offered at competitive prices and (ii) conduct training of our sales staff and award them with financial incentives for identifying customer needs and cross-selling our private label products, and continue to support them with our technology framework that provides them with point-of-sale assistance and prompts.

Together with our focus on private label products, we also intend to continue to enhance the SKU mix at our stores in terms of branded FMCG products, in line with the relevant consumer preferences. We expect this to allow us to further increase our customer wallet share.

Enhance Revenue and Increase Customer Wallet Share Through Continued Investment in Technology Infrastructure and Expansion into Adjacent Healthcare Vertical

We intend to enhance our sales volumes and increase our customer wallet share though continued investment in our technology infrastructure, including investing in and enhancing our customer facing mobile application and customer facing features on our website. We believe that this initiative would allow us to better analyse and manage customer interactions and related data and insights throughout the customer lifecycle, with the goal of understanding their requirements, creating a long-term relationship with customers, building customer retention and driving sales. We expect that leveraging our technology infrastructure to gather and analyse customer data and insights would allow us to understand our customers' consumption patterns and preferences, which would allow us to employ more targeted advertising and provide our customers with prompts for refills and/or relevant new product recommendations. We also expect that this would provide us with additional monetization opportunities with pharmaceutical companies, as we would be able to provide them with insights for analysis of their product performance and progression at a therapy and molecule level. We also anticipate that our extensive retail presence across the country coupled with our strong position in the organized pharmacy retail segment will enable us to expand into adjacent verticals in the healthcare industry, including diagnostics, pathology, and other healthcare service.

Continue to Increase Operating Efficiency and Enhance Supply Chain Management to Drive Profitability

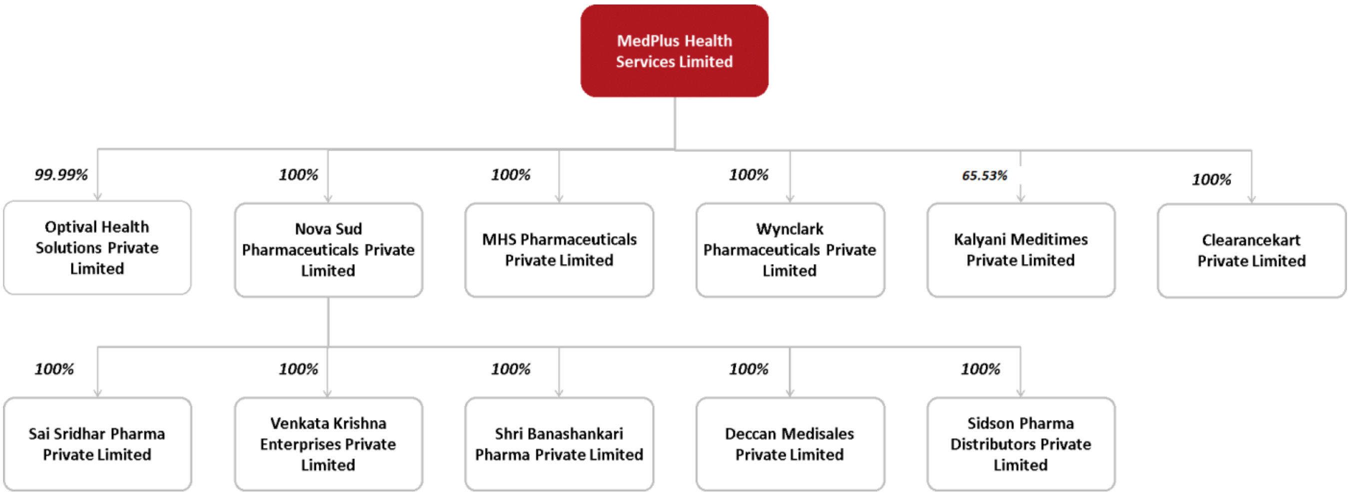
We intend to continue improving our supply chain and distribution infrastructure to increase our operating efficiency and to enhance our supply chain management. As one of our key initiatives to increase operating efficiency, we plan to increase automation at our warehouses, for processes such as sorting, labelling and packaging, which we expect would allow us to optimally utilise our workforce at our warehouses, increase efficiencies, scale our operations and reduce cost. We also plan to increase the proportion of our product procurement conducted directly through pharmaceutical companies or their carry forward agents, as we expect this would enable us to increase our gross margins. We also aim to benefit from an enhanced operating leverage as large numbers of stores that were opened within the last few years and the new stores that we are rolling-out as part of our cluster approach gradually mature.

Description of Our Business

According to Technopak, as of March 31, 2021, we operate India's second largest pharmacy retail network of over 2,000 stores distributed across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, West Bengal and Maharashtra. We also operate an online sales platform and commencing in 2015, our customers could either visit our stores or access our offerings online, through our website and mobile application.

Our operations are primarily distributed between the Issuer and its subsidiary companies, and include the manufacturing and contract manufacturing of private label pharmaceutical, wellness and FMCG products, wholesale and retail sale, import, distribution, and pathology diagnostic laboratory testing. A corporate chart setting out our group structure is below.

The business operations carried out by the Issuer and its subsidiaries are as follows:



Whilst our private label manufacturing and contract manufacturing business (since December 2020) and pathology laboratory testing business is carried out through the Issuer, our wholesale and retail sales operations, including sales to franchisees, are carried out through our subsidiary, Optival Health Solutions Private Limited. The Issuer manufactures and supplies pharmaceuticals to Optival Health Solutions Private Limited. Nova Sud Pharmaceuticals Private Limited is the holding company of all our companies that are engaged in distribution of pharmaceutical, wellness and FMCG products, namely, Sai Sridhar Pharma Private Limited, Venkata Krishna Enterprises Private Limited, Shri Banashankari Pharma Private Limited, Deccan Medisales Private Limited and Sidson Pharma Distributors Private Limited, including to Optival Health Solutions Private Limited. We acquired Kalyani Meditimes Private Limited in 2019, and through which we own and manage a software used to transcribe doctor's prescriptions into e-prescriptions. Our subsidiary, Clearancekart Private Limited does not have any significant operations as on date, and our subsidiaries, Wynclark Pharmaceuticals Private Limited and MHS Pharmaceuticals Private Limited are involved in contract manufacturing of private label pharmaceutical, wellness and FMCG products and supply of these products to Optival Health Solutions Private Limited.

Within our pharmacy retail business, our product mix primarily comprises of branded pharmaceutical products, private label pharmaceutical products, branded fast-moving consumer goods and private label consumer goods. For the financial year 2021, over three-quarters of our revenue was derived from the sale of branded pharmaceutical products (76.8%), with private label pharmaceutical products including trade generics (5.6%), branded fast-moving consumer goods (12.9%) and private label fast-moving consumer goods (4.8%) constituting the rest.

Our stores

As of June 30, 2021, through our subsidiaries, we operated 2,165 stores in 242 cities across the states of Telangana, Andhra Pradesh, Karnataka, Tamil Nadu, West Bengal, Maharashtra and Odisha, with an aggregate retail space of approximately 1.26 million square feet. Our store network is spread across urban and rural areas, with stores located in corporate campuses, retail parks, malls, high streets and corner stores. Over 95% of our stores are operated and managed exclusively by us, with the rest through a franchisee-network.

A detailed break-up of our store count is set out below:

State	**Number of stores as of June 30, 2021**
Telangana	443
Andhra Pradesh	274
Karnataka	520
Tamil Nadu	458
West Bengal	201
Maharashtra	186
Odisha	83
Total	**2,165**

Store opening framework

We follow a cluster-based approach to store network expansion and prefer to establish our presence in densely-populated neighbourhoods. As part of our establishment, in every such neighbourhood, we aim to establish a primary warehouse at the centre of the city, with larger stores that operate as hubs in the surrounding areas and smaller stores in the periphery, thereby enabling us to penetrate neighbouring regions as well. Each cluster of stores in the peripheral and rural areas is serviced by the nearest hub, and in the event there is a larger demand at any store at any given point that the nearest hub is unable to fulfil, we cater to such demand directly from the nearest warehouse. This model helps us ensure that we are able to fulfil a significant number of orders received by us from our customers, thereby ensuring customer satisfaction and retention in the areas in which we operate.

Over the years, we have developed a data-driven model of identifying and opening new store locations, thereby increasing our penetration and reach to the end-customer. The selection of suitable locations for our stores has been critical to our expansion plans, and in order to facilitate a smooth expansion process, we have developed an elaborate and centrally managed framework that is used for all new store openings. This process is operated and managed through our in-house "Shutter App" which integrates the entire store opening process. The application also includes a feature whereby our employees have the ability to contribute towards our expansion activities by making a posting about any potentially suitable location that they might have come across in the neighbourhood in which they are based. This is the first stage of our framework where all relevant details of a potential store location are posted on the "Shutter App" following which, a designed area manager visits the location to analyse its suitability through a predictive analysis tool. Once reviewed and validated by our regional business development team, we enter into negotiations with the landlord of that property on commercial terms. Following a vetting process by our regional manager and head office, a final decision is taken by our chief retail officer that is responsible for releasing the security deposit to secure the lease for the property. Through this comprehensive application-driven process, we ensure that we are early movers in our target markets and can take advantage of the opportunities offered by the under-served regions in which we operate.

Omni-channel platform

Our omni-channel platform enables us to service our customers through our stores as well as our online channels, thereby enabling us to leverage our strong offline channel to establish and grow our online presence.

Our 'click and pick' service allows customers to place orders directly online for collection at their preferred store at a convenient time. Our customers also have the option to return any items purchased through our online channel at their preferred stores, subject to the standard terms and conditions. Through our 'door-to-door' delivery service, in the cities of Hyderabad and Bangalore, our customers can place orders over the telephone, through our website or our mobile application. According to Technopak, we were the first omni-channel player to offer these facilities in 2015 and as of financial year 2021, approximately 8.98% of our revenue from operations was attributed to online sales.

Pricing

We aim to offer the best value to our customers, and according to Technopak, we offer one of the highest discounts that are unmatched by any online or offline pharmacy retailer in India. Further, our strategy allows us to effectively segment the market by offering higher discount to the price-sensitive chronic customers who typically purchase medication for a longer duration and thereby have a higher average order value. At the same time, we offer lower discounts to other customers who value convenience. For products other than branded pharmaceutical and FMCG products, the discounts are varied at a product level.

A transparent slab-based discounting model followed by us is set out in the table below:

Average Order Value (excl. GST)	**Discounts (% of Maximum Retail Price) on Branded and Private label Pharmaceutical Products**	**Discounts (% of Maximum Retail Price) on Branded and Private Label FMCG products****
Greater than INR 1,000	Up to 20% *	Up to 5%
Between INR 200 to INR 1,000	Up to 10%	Up to 5%
Below INR 200***	0%	0%

*Up to 20% discount is offered for bills above INR 1,000 across online and offline stores except the stores operating in Odisha and stores operating in hospitals.
** discount of up to 5% on MRP or any manufacturer sponsored discounts or any special discounts on our private label whichever is higher
*** Minimum threshold of INR 200 in Hyderabad and Bangalore. In all other cities minimum threshold is INR 50.

Supply chain and distribution infrastructure

We operate an integrated supply chain that handles our end-to-end operations including sourcing, stock inward, storage, distribution, logistics and reverse logistics.

In each state that we operate, we have at least one major warehouse, with additional warehouses in states where we have more than one major location and a high density of stores. As on June 30, 2021, we had 18 warehouses in 9 cities across 7 states, with an aggregate warehouse space of approximately 0.34 million square feet. The table below sets out the number of warehouses in each state as of June 30, 2021:

State	**Number of warehouses as on June 30, 2021**
Telangana	4
Tamil Nadu	4
Karnataka	3
Maharashtra	3

Andhra Pradesh	2
West Bengal	1
Odisha	1
Total	**18**

As part of our business operations, each store operated by us is mapped to a primary warehouse from which it sources its stock. Stock at our stores is replenished on a pre-defined schedule varying generally from daily supply to once every three days, depending on a number of factors including the proximity of the store to its nearest warehouse. The frequency of stock replenishment at any store is determined by a system-driven computation based on data analytics and historical sales data accumulated on a store-to-store basis. This process helps ensure that we have minimal order loss and are able to maintain high fill rates at our stores and efficiently manage our replenishments in seamless manner.

Inventory Management

The inventory management system operated by us, through our subsidiaries, has been developed and maintained by our in-house development team of over 80 software professionals. Our inventory management system is customized to provide real-time visibility, control and tracking of our complete inventory across our warehouses and outlets, with each product being identified and distinguished on an SKU-basis in our system. Our system also provides extensive sales analytics for all products stocked by us, and also drives our sourcing through an automated procurement system. We also utilize sophisticated system-driven algorithms to track sales, identify and analyse market response to the products we sell which helps us deliver an enriching consumer experience. Our sales algorithm also helps us to maintain a product assortment that is more responsive to the changes in market demand, with products with high sales being replenished and restocked on a more regular basis.

We have developed a captive algorithm for sourcing our products, which computes the consolidated demand of all mapped outlets tied to a particular warehouse and automatically generates purchase orders for estimated demand, based on historical retail sales. The estimated demand is tied to the real-time inventory position at our stores and warehouses, and helps us ensure that we have adequate stock of all products that are high in demand. We have also developed an automatic replenishment system ("**ARS**") to carry out a real-time evaluation of any gap between a planned stock assortment and the actual stock position at each of stores. Currently in the pilot stage, the ARS, once implemented, will be able to compute any gaps in our store inventory on a daily basis and arrange for the transfer of products from the supply warehouse to the store that requires stock replenishment. This ensures that stock picking and product replenishment is carried out on an automated basis.

Logistics Infrastructure

Our logistics infrastructure comprises of a combination of our own fleet of vehicles, hired vehicles as well as third-party logistics partners. We, through our subsidiaries, generally operate a daily supply of products to our warehouses and stores in metropolitan cities and thrice a week to our stores in all other cities. Our dynamic distribution network also ensures that provisions can be made for an emergency supply of products from our warehouse to a hub or outlet within a period of 24 hours, if required.

Manufacturing Facilities and Capacity

Our Company has three manufacturing plants in Telangana, located at Jeedimetla, Moosapet and Pashamylaram. At our plant at Jeedimetla, we manufacture a range of plastic products including medicine trays, nebulisers, vaporisers, plastic bottles and caps, and other plastic products in relation to the promotions offered by our Company. We manufacture optical frames and spectacles at our plant at Moosapet and liquid disinfectants, toiletries and cosmetics at our plant at Pashamylara.

Installed capacity and capacity utilisation of our production plants

The following table sets forth the production plant wise installed capacity and capacity utilisation for the Financial Years 2019, 2020 and 2021:

Location	Financial Year 2021			Financial Year 2020			Financial Year 2019		
	Installed Capacity (in numbers)	Production Capacity (in numbers)	% Utilisation	Installed Capacity (in numbers)	Production Capacity (in numbers)	% Utilisation	Installed Capacity (in numbers)	Production Capacity (in numbers)	% Utilisation
Jeedimetla	3,581,647	30,224	0.84	3,581,647	12,031	0.34	3,049,412	NIL#	NIL#

Moosapet	72,000	22,005	31	72,000	26,036	36	72,000	22,218	31
Pashamylara	1,320	683.40	51.77	1,320	370.28	28	1,140	205.66	18

**As certified by Servel Krishna Engineers Pvt Ltd, Chartered Engineer, by way of certificate dated August 16, 2021*
 # The production in the Jeedimetla plant commenced in financial year 2020.

Suppliers

Over the years, we have established strategic, longstanding relationships with a large number of pharmaceutical manufacturers, clearing and forwarding agents and distributors, and have a proven ability to source a wide range of products ranging from pharmaceuticals, over-the-counter drugs, surgical items, injectables, vaccines and fast-moving consumer goods. As a result, we are able to benefit from significant volume-based discounts and schemes, manage a tighter inventory control and conduct data analytics based on our historical sales, given our large sales volumes. Our multi-location sourcing capabilities also enable us to operate and maintain a robust, dynamic and consistent supply chain.

We only source products from vendors registered on our internal stock processing network. Registration of new vendors is completed following an elaborate and exhaustive verification process whereby each potential vendor is screened and evaluated prior to registration. We collect all relevant identification documents and statutory licenses relating to the vendor upon validation of which, the vendor is screened by our finance team and an independent background check is conducted. Only once a vendor has completed its registration with us are any new orders for supplies placed to such a vendor. Once registered, we operate monthly evaluations of all statutory licenses required to be maintained by vendors and in the event that any vendor is not in compliance with the statutory requirements, all pending payments to such vendor are put on hold until such statutory requirements are complied with by the vendor.

Over the last four years, we have stepped up our efforts to directly source products from manufacturers and their carry forward agents, and are sourcing directly from more than 150 manufacturers. This enables us to establish control over the supply chain and earn higher margins on our sales by eliminating middlemen. This also helps us ensure the authenticity of the products supplied and reduces the likelihood of tampering or any similar practices. In financial year 2021, approximately 77% of our third-party branded pharmaceutical and FMCG products were sourced directly from manufacturers and their carry forward agents, with the remaining 23% sourced from third-party distributors.

Almost all private label products sold by us are manufactured by third-party manufacturers on a contract basis. All pharmaceutical private label products sold by us are manufactured by domestic manufacturers whereas a portion of the FMCG private label products sold by us are manufactured by and imported from overseas manufacturers.

Quality control and quality assurance

As part of our quality-control measures, every product received by us from our vendors is checked for price, quantity, physical damages and shelf life at the time of collection of inventory, and our systems are programmed in such a manner that the stocking, transfer or sale of expired products is not permitted. In the event that any product received by us at our warehouse is damaged or unfit for delivery to our customers, we ensure that such product is not registered into our systems and is returned to the manufacturer. Multiple levels of verification and validation of stock conducted at the sourcing, warehousing and distribution stages enables us to eliminate any discrepancies in transfer of the products from our warehouse and onward resale at our stores.

Almost all private label products sold by us are manufactured by third-party manufacturers on a contract basis. We ensure that these products meet the adequate quality and safety standards by ensuring that the manufacturer provides a 'certificate of analysis' for every private label product manufactured and delivered to us, confirming compliance with quality and safety standards required under the law. In addition, we engage the services of third-parties to carry out testing and certification on all product batches of pharmaceutical and cosmetic private label products sold by us.

Technology and Data Science

Our business operations are supported by our robust service-oriented, event-driven technology systems and infrastructure. We host data centres in two locations, Bangalore and Chennai, and host in-house testing, training and staging centres at our premises in Hyderabad, that develop and manage our systems and processes. Our team of over 80 software professionals helps us develop, operate and manage a technology system customized to our business needs, while remaining flexible to future changes in market dynamics. We utilise proprietary software developed by us across our offline and online channels. These software are based on open-source frameworks with reusable software modules and as a result, we do not incur any third-party software licensing costs, save for our enterprise resource planning software. Our team has developed a large number of mobile software applications that streamline our back-end and front-end operations, which include our 'Shutter App' for managing the new store opening process, 'Vendor App' for facilitating orders from our vendors, and 'Delivery App' for managing last mile deliveries. The three key pillars to our technology systems are:

- *Front-end customer facing systems & Omnichannel Platform:* We utilise technology to engage with our customers and ensure a seamless consumer experience. We have developed various e-commerce portals such as 'MedPlus Mart', 'MedPlus Lens', and 'Medplus Labs', which enable our customers to view and purchase our products online via our website and app. To attract new customers and retain existing customers, we also utilise search-engine optimisation technologies, referral programs and promotions and facilitate online customer support through the use of bots. We aim to maximise the value offered to our customers by optimizing recommendations for our customers through predictive algorithms, enabling integration through various payment gateways and achieving interoperability between online and offline sales channels through our omni-channel platform.

- *Point of sale systems:* Our in-house developed point-of-sale system has been customized to our requirements. In addition to supporting billing, pricing and payment systems integrations, it helps our store staff in catering to the needs of the customers in an effective way for example, by providing prompts on alternate medication or private label products that may be relevant for a particular customer.

- *Back-end technology and data-science infrastructure for inventory management:* Our technology infrastructure and systems constitute a critical component of every stage of our operations and enable us to track our key performance indicators on a real-time basis, both centrally and on-site at our stores. In connection with our back-end warehousing operations, we utilise a series of optimized algorithms that track every product stocked by us in our warehouses and stores on a real-time basis. and help us achieve the right balance between availability of products and inventory optimization. Further, our systems help us identify, track and redistribute products that are nearing their expiry date and other non-moving stock which is then redistributed to a store that is experiencing high demand for that product. Real-time reporting and visibility on our key performance indicators is carried out through supervisory dashboards and reporting modules developed for various management levels, with a large range of reports automatically generated by our systems. Automatic alerts are also triggered whenever there is a performance deviation at any stage of our supply chain, including sourcing, warehousing or distribution, enabling our supervisors to intervene and identify and rectify the deviation.

Competition

We compete with pharmacy retailers that operate (i) omni-channel platforms, (ii) offline-only retail chains or (iii) online-only retail platforms. Such competitors include Apollo Pharmacy, Wellness Forever, Frank Ross Pharmacy, Noble Plus Pharmacy & Skin Care, Tata 1mg, NetMeds, and PharmEasy.

CSR Initiatives

We believe in contributing to the communities in which we operate. While being focused on sustained economic performance, we are also aware of the necessity and importance of social stewardship.

As part of our corporate social responsibility initiatives, we have made donations to the Prime Minister's National Relief Fund as well as other regional charitable organisations such as Hyderabad Eye Institute, The Akshaya Patra Foundation, Eklavya Foundation – Akshaya Vidya, Sri Saraswathi Vidya Preetham Schools, Vivekananda Pratibha Jyothi Trust and Bharat Vikas Parishad Charitable Trust.

Insurance

We maintain insurance policies customary for our industry to cover certain risks, including fire and other natural and accidental risks at our stores, laboratories, and warehouses. Additionally, we maintain stock, money, vehicle and D&O insurance. We believe that our insurance policies and coverage are sufficient for our business and operational needs.

Human Resources

As on June 30, 2021, we had a total of 14,762 permanent full-time in-house employees working for us in a range of business activities. A list setting out the various departments in which our employees are hired by us is set out below:

Department	Number of employees June 30, 2021
Store Operations	11,266
Procurement, Storing and Distribution	2,376
Infrastructure and Maintenance	181
Operations and Support	124
Laboratories	91
Finance and Accounts	85

Software	83
Opticals	80
Marketing and Customer Care	78
Human Resource and Training	68
Networking	61
Others	269
Total	**14,762**

In addition to the above, we also rely upon a large number of third-party service providers and independent contractors providing services in connection with ancillary activities integral to our business operations.

Certifications and Awards

For details of our awards, see "*History and Certain Corporate Matters*" on page 141.

Intellectual Property

We have obtained trademark registration for the "MedPlus" brand in India under classes 41 and 42. Our Company and our subsidiaries have also obtained trademarks for various private labels such as "Relivia", "Avelia" and "Feel Sure", amongst others. For details of intellectual property owned and registered by us, see "*Government and Other Approvals*" on page 285.

Property

As of March 31, 2021, we had entered into long-term lease arrangement for all our warehouses and stores, as well our registered and corporate office. We do not own the property for any of our stores, warehouses or offices. In April 2021, we acquired a property situated in the outskirts of Hyderabad for the purpose of constructing a warehouse.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws, regulations, rules, notifications, circulars and policies in India, which are applicable to us. The information detailed in this chapter, is based on the current provisions of key statutes, rules, regulations, notifications, memorandums, circulars and policies, as amended, and are subject to future amendments, changes and/or modifications. The information detailed in this section has been obtained from publications available in the public domain. The regulations and their descriptions set out below may not be exhaustive and are only intended to provide general information to the bidders and are neither designed nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations in India. For information regarding regulatory approvals required by our Company, see *"Government and Other Approvals"* on page 285.

INDIAN LAWS APPLICABLE TO OUR COMPANY

Drugs (Control) Act, 1950 ("Drugs Act")

The Drugs Act provides for control of sale, supply, and distribution of drugs. Under the Drugs Act, any drug may be declared by the Central Government to be a drug within its purview. The authorities may also prohibit the disposal or direct the sale of any specified drug.

Drugs and Cosmetics Act, 1940 ("DCA") and the Drugs and Cosmetics Rules, 1945 ("DCA Rules")

The DCA regulates the import, manufacture, distribution and sale of drugs and cosmetics and prohibits the import, manufacture and sale of certain drugs and cosmetics which are, *inter alia*, misbranded, adulterated, spurious or harmful. The DCA Rules specify the requirement of a license for the manufacture or sale of any drug or cosmetic including for the purpose of examination, testing or analysis. It further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

The Cosmetic Rules, 2020 ("Cosmetic Rules")

The Cosmetic Rules governs the regulatory requirements for the manufacture, testing, labeling, import, registration, distribution, and sale of cosmetics. As per the 2020 Rules, a "new cosmetic" refers to a cosmetic that contains a novel ingredient that has not been used anywhere in the world or is not recognized for use in cosmetics in any national or international literature. The Cosmetic Rules provide importers of new cosmetic to seek approval by making an application to Central Licensing Authority (CLSA) before registration of import of new cosmetics into India. If the manufacturer or the importer fails to comply with any conditions of the registration, then the CLSA may after giving an opportunity of being heard regarding why such order should not be passed, can pass an order in writing directing suspension or cancellation of registration for a certain period as it may deem fit either wholly or in respect to some cosmetics**.**

Drugs (Prices Control) Order, 2013 ("DPCO")

The DPCO prescribes *inter alia* the ceiling price of scheduled formulations, retail price of a new drug for existing manufacturers of scheduled formulations, maximum retail price of scheduled formulations. Under the DPCO, the Central Government may issue directions to the manufacturers of active pharmaceutical ingredients or bulk drugs and formulations to increase production or sell such active pharmaceutical ingredient or bulk drug to such manufacturers of formulations and direct the formulators to sell the formulations to institutions, hospitals or any agency. The DPCO procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drug for existing manufacturers of scheduled formulations, method of implementation of prices fixed by Central Government and penalties for contravention of its provisions. The National Pharmaceutical Pricing Authority vide Notification dated March 31, 2020 in pursuance of Notification No. SO 648(E), dated February 11, 2020, stated that all medical devices shall be governed under the provisions of the Drugs (Prices Control) Order, 2013 (DPCO, 2013) with effect from April 1, 2020

The Narcotic Drugs and Psychotropic Substances Act, 1985 ("NDPS Act")

The NDPS Act is a legal framework which seeks to control and regulate operations relating to narcotic drugs and psychotropic substances. It prohibits, *inter alia*, the cultivation, production, manufacture, possession, sale, purchase, transportation, warehousing, consumption, inter-state movement, transhipment and import and export of narcotic drugs and psychotropic substances, except for medical or scientific purposes. It also controls and regulates controlled substances which can be used in the manufacturing of narcotic drugs and psychotropic substances. Offences under the NDPS Act are related to violations of the various prohibitions imposed under the NDPS Act, punishable by both imprisonment and monetary fines.

Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 ("Drugs and Magic Remedies Act")

The Drugs and Magic Remedies Act seeks to control advertisements of drugs in certain cases and prohibits advertisements of remedies that claim to possess magic qualities and provides for matters connected therewith. For the purposes of this Act, advertisements include any notice, circular, label, wrapper, or other document or announcement. The schedule to the Act specifies ailments for which no advertisement is allowed. It prohibits advertisements that misrepresent, make false claims or mislead.

The Legal Metrology Act, 2009 ("Legal Metrology Act")

The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The key features of the Legal Metrology Act are (a) appointment of Government approved test centres for verification of weights and measures; (b) allowing the companies to nominate a person who will be held responsible for breach of provisions of the Legal Metrology Act. Any non-compliance or violation of the provisions of the Legal Metrology Act may result in, among others, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

National Pharmaceutical Pricing Policy, 2012 ("2012 Policy")

The National Pharmaceutical" Pricing Policy, 1994 has been replaced by the 2012 Policy and presently seeks to lay down the principles for pricing of essential drugs specified in the National List of Essential Medicines-2015 declared by the Ministry of Health and Family Welfare, Government of India and modified from time to time, so as to ensure the availability of such medicines at reasonable price. The 2012 Policy regulates the prices of the drugs based on their essential nature. Further, the 2012 Policy will regulate the price of formulations only, through market based pricing which is different from the earlier principle of cost based pricing. Accordingly, the formulations will be priced by fixing a ceiling price and the manufacturers of such drugs will be free to fix any price equal to or below the ceiling price.

Bureau of Indian Standards Act, 2016 ("BIS Act")

The BIS Act establishes the Bureau of Indian Standards (BIS) as the national standards body of India. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security.

The Sales Promotion Employees (Conditions of Service) Act, 1976 ("Sales Promotion Act")

The Sales Promotion Act regulates the conditions of service of sales promotion employees and applies to pharmaceutical industry. It provides the conditions of appointment, leave and maintenance of registers and other documents of such employees. The Sales Promotion Act provides monetary penalties for breach of its provisions.

The Food Safety and Standards Act, 2006 (the "FSSA")

The FSSA was enacted with a view to consolidate the laws relating to food and establish the Food Safety and Standards Authority of India ("**FSSAI**") for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The standards prescribed by the FSSAI include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels. The FSSA also sets out requirements for licensing and registering food businesses, general principles of food safety, and responsibilities of the food business operator ("**FBO**") and liability of manufacturers and sellers, and adjudication by 'Food Safety Appellate Tribunal'.

In exercise of powers under the FSSA, the FSSAI has also framed the Food Safety and Standards Rules, 2011 (the "**FSSR**"). The FSSR sets out the enforcement structure and procedures comprising of qualifications and duties of the of 'commissioner of food safety', 'the food safety officer' and 'the food analyst' and procedures of taking extracts, seizure, sampling and analysis. The FSSA also lays down penalties for various offences (including food recall procedures). The Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 provides for the conditions and procedures for registration and licensing process for food business and lays down general requirements to be fulfilled by various FBOs, including petty FBOs as well as specific requirements to be fulfilled by businesses dealing with certain food products.

In terms of the Food Safety and Standards (Food Recall Procedure) Regulations, 2017, every FBO engaged in manufacturing of food is required to have a food recall plan. The packaging done by a FBO is required to comply with the Food Safety and Standards (Packaging) Regulations, 2018, while labelling and display of prepackaged food items must comply with the Food Safety and Standards (Labelling and Display) Regulations 2020.

According to the Food Safety and Standards (Licensing and Registration of Food Business) Amendment Regulations, 2018, an e-commerce FBO (which includes sellers and brand owner who display or offer their food products, through e-commerce, and providers of transportation services for the food products and/or providing last mile delivery transportation to the end consumers), is required to obtain central license from the concerned central licensing authority.

FSSAI Guidance Note on 'Food Hygiene and Safety Guidelines for Food Businesses during Coronavirus Disease (COVID-19) Pandemic' ("COVID-19 Guidance Note")

The COVID-19 Guidance Note was issued with an intent to provide guidance to food businesses, including their personnel involved in handling of food and other employees to prevent spread of COVID-19 in the work environment and any incidental contamination of food/food packages. It also provides guidance in relation to operative mechanism such as establishment of an in-house emergency response team in large food businesses to deal with suspected COVID-19 infections effectively. It mandates that employers should have a COVID-19 screening protocol in place to screen all personnel entering the premise. All the employees or visitors should be screened at entry point for the symptoms of COVID-19 such as, among others, temperature (using non-contact type thermometer), cough, cold etc. The entrance shall mandatorily have measures installed for hand hygiene. Employees and food handlers should be encouraged to self-declare any symptoms of any respiratory illness before visiting the premises. To spread awareness and contain the spread of the disease, employers should employ and ensure compliance with numerous measures such as, among others, display of posters/standees/audio visuals on preventive measures for COVID-19, frequent usage of alcohol-based sanitizers, avoidance of close contact with symptomatic personnel, usage of face masks, and frequent cleaning and disinfection. Food sectors involved in food services, takeaways and deliveries shall ensure, among others, that the food service area shall be thoroughly cleaned and disinfected after every meal, hand wash facilities should be made available to the workers, employees wear a clean uniform, mask/face cover, gloves and head covers at all times, adoption of contactless delivery. The COVID-19 Guidance Note prescribes guidelines for management of the food establishment to handle a COVID-19 suspect/positive case in accordance with the guidelines issued by Ministry of Health and Family Welfare and clean and disinfect the premises accessed by the COVID-19 positive person.

The COVID-19 Guidance Note mandates strict adherence to General Hygiene Practices specified under Schedule IV of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 ("**Schedule IV**"). Schedule IV enumerates multiple compulsory measures to be adopted by FBOs in the interest of human nutrition, safety, and hygiene. Schedule IV mandates that the premises shall be clean, adequately lighted, and ventilated, and sufficient free space for movement shall be made available. In relation to personal hygiene – all employees should wash their hands properly and they should be made aware of measures to avoid cross-contamination. Further, among other things, eating, chewing, smoking, spitting and nose blowing shall be prohibited within the premises especially while handling food, and persons suffering from infectious diseases shall not be permitted to work. Any cuts or wounds shall remain covered at all time and the person should not be allowed to come in direct contact with food.

Medical Devices Rules, 2017 ("Medical Devices Rules") and the Medical Devices (Amendment) Rules, 2020

The Medical Devices Rules governs the registration and licenses by importers and manufacturers of medical devices. It is primarily focused on the quality and safety control to ensure the highest standards assurance of a medical device before they can be distributed / sold in the market. It has been classified according to patient risk in different classes (Class A, B, C & D) to ensures that patients have access to high quality, safe, and effective medical devices, by restricting their access to the unsafe and sub-standard products. The State Licensing Authority (State Drugs Controller) is the competent authority for all matters relating to these devices. It will be entitled to enforce all norms regarding the sale, manufacturer, stock, and any other practice related to Class A and Class B medical devices. The Central Licensing Authority is responsible for providing the required licenses for the import and manufacture of Class C and Class D products. According to the Medical Devices (Amendment) Rules, 2020, the manufacturers or importers of Medical Devices will be required to compulsorily register their medical devices with the Drugs Controller General of India. The Central Licensing Authority may verify the documents at any point of time and investigate quality or safety related failure or complaint. In case the registrant fails to comply with any of the provisions of these rules, it may after giving the registrant an opportunity to show-cause as to why an order for cancellation of registration should not be passed, by an order in writing stating the reasons thereof, cancel the registration number or suspend it for such period as it thinks fit either wholly or in respect of any of the medical devices to which it relates.

Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 ("Private Medical Care Establishments Act")

The Private Medical Care Establishments Act governs the registration and regulation of private medical care establishments. The usage of 'Private Medical Care Establishments' which means a clinic, a consultation room, a hospital, a medical laboratory, a diagnostic centre, a maternity home, a nursing home, an infertility or fertility clinic, a physiotherapy establishment, a polyclinic and any other like establishment providing inpatient or day care procedures, including surgery facilities by whatever name called, and administered or maintained by a person or body of persons whether incorporated or not, other than the Central or the State Government or any local authority or any other authority or body constituted by or under any Statute of a competent Legislature. An application for registration shall be made to the authority within three months from such commencement in respect of any Private Medical Care establishment in existence immediately before such commencement. The certificate of registration shall be valid for a period of five years and may be renewed for a further period of five years at a time. The authority may cause an inspection or enquiry in respect of any private medical care establishment, its buildings, laboratories and equipment and also the work conducted or done by such establishment. Any person, who contravenes the provisions being the holder of licence granted under this Act shall be punishable with a fine which may extend to twenty thousand rupees and on conviction for a second or subsequent offence, be punishable with a fine which may extend to forty thousand rupees.

The Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply & Distribution) Act, 1992 ("IMS Act")

The IMS Act provides for the regulation of production, supply and distribution of infant milk substitutes, feeding bottles and infant foods with a view to the protection and promotion of breast feeding and ensuring the proper use of Infant Foods. The IMS Act comprehensively bans all forms of promotion of foods marketed to children up to two years of age. According to section 3 of the IMS Act, no person shall advertise, take part in promotion of use or sale, supply of or donate or distribute infant milk substitutes or feeding bottles, or give an impression or create a belief in any manner that feeding of infant milk substitutes is equivalent to or better than mother's milk. No picture of baby or mother shall be depicted on the containers. Beside this all about manufacturing date, batch number, expiry date, compositions, etc. should also be written and must follow the instructions and guidelines given under the Prevention of Food Adulteration Act 1954. Any person who contravenes the provisions of various sections shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to fine thousand rupees, or with both.

The Pharmacy Act, 1948 ("Pharmacy Act")

The Pharmacy Act governs the regulation of the profession, practice of pharmacy and pharmacy councils. The function of pharmacy council which *inter-alia*, includes minimum standard of education laid down by Pharmacy Council of India known as the Education Regulation, minimum qualification for admission and condition to be fulfilled by university, approval of institute providing course and examination for the pharmacists and withdrawal of approval. The State Pharmacy Council maintains up-to-date register of pharmacists after collection of requisite fees. Under Section 42 of the Pharmacy Act, no person other than a registered pharmacist shall compound, prepare, mix, or dispense any medicine on the prescription of a medical practitioner.

Data Privacy Bill, 2019 ("Bill")

The Bill, which proposes to supersede the Information Technology Act, 2000 deals with the provisions relating to compensation payable by companies for failure to protect personal data. The Bill also establishes a Data Protection Authority of India. Currently, the Bill categorises two kinds of data, (a) "Personal Data" data about or relating to a natural person who is directly or indirectly identifiable, having regard to any characteristic, trait, attribute or any other feature of the identity of such natural person, whether online or offline, or any combination of such features with any other information, and shall include any inference drawn from such data for the purpose of profiling; and (b) "Sensitive Personal Data" includes such personal data, which may, reveal, be related to, or constitute: (i) financial data; (ii) health data; (iii) official identifier; (iv) sex life; (v) sexual orientation; and (vi) biometric data. The applicability of the Bill also extends to foreign companies that handle data of individuals in India. The Bill accords certain rights to individuals with respect to the protection of their data. However, there are certain exceptions to protection offered under the Bill, such as, act done in interest of security of state, public order, sovereignty and integrity of India and friendly relations with foreign states, and act done for preventing incitement to commission of any cognisable offence relating to the above matters. Processing of personal data is also exempted from provisions of the Bill under certain conditions, as long as such processing is for a specific, clear and lawful purpose, this includes an act undertaken for prevention, investigation, or prosecution of any offence, or personal, domestic, or journalistic purposes. As on date, the Bill is pending with Joint Parliament Committee, and is yet to be notified and take effect.

Laws relating to environment

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state and in the Centre. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are required to be periodically renewed.

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases must apply in a prescribed form and obtain consent from the State PCB prior to establishing or operating any industrial plant in an air pollution control area. The State PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Environment Protection Act, 1986 ("EP Act") and the Environment Protection Rules, 1986 ("EP Rules")

The EP Act has been enacted with an objective of protection and improvement of the environment and for matters connected therewith. As per the EP Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the EP Act, including the power to direct the closure, prohibition or regulation of any industry, operation or process. The EP Rules prescribes the standards for emission or discharge of environmental pollutants from industries, operations or processes, for the purpose of protecting and improving the quality of the environment and preventing and abating environmental pollution.

The Public Liability Insurance Act, 1991 ("PLI Act") and Public Liability Insurance Rules, 1991 ("PLI Rules")

The primary objective of the PLI Act is to provide for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith or incidental thereto. The PLI Act imposes a duty on the 'owner' to take out insurance policies before manufacturing, processing, treating, storing, packaging or transporting hazardous substances, for any damage arising out of an accident involving such hazardous substances. Hazardous substances have to be taken the meaning as provided under the Environmental Protection Act and the list has been further enumerated by the government by way of a notification. The penalty for contravention of the provisions of the PLI Act include imprisonment or fine or both. Further the PLI Rules mandate that the 'owner' contribute towards the Environmental Relief Fund, a sum equal to the premium paid on the insurance policies.

Bio-Medical Waste Management Rules, 2016 ("BMW Rules")

The BMW Rules apply to all persons who generate, collect, receive, store, transport, treat, dispose or handle bio-medical waste in any form. The BMW Rules mandate every occupier of an institution generating bio-medical waste to take all necessary steps to ensure that such waste is handled without any adverse effect to human health and environment and *inter alia* to make provisions for a safe premises, ventilated and secured location for storage of segregated bio-medical waste, pre-treat laboratory waste and provide training to workers involved in handling bio-medical waste. The BMW Rules further require such persons to apply to the prescribed authority for grant of authorization and submit an annual report to the prescribed authority and also to maintain records related to the generation, collection, receipt, storage, transportation, treatment, disposal, or any form of handling of bio-medical waste in accordance with the BMW Rules and the guidelines issued thereunder.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")

The Hazardous Waste Rules define the term 'hazardous waste' to include any waste which by reason of physical, chemical, biological, reactive, toxic, flammable, explosive or corrosive characteristics cause danger or is likely to cause danger to health or environment, whether alone or in contact with other wastes or substances including waste specified in the schedules to the Hazardous Waste Rules. In terms of the Hazardous Waste Rules, occupiers, being persons who have control over the affairs of a factory or premises or any person in possession of hazardous or other waste, have been, *inter alia*, made responsible for safe and environmentally sound management of hazardous and other wastes generated in their establishments and are required to obtain license/ authorisation from the respective State PCB for handling, generation, collection, storage, packaging, transportation, usage, treatment, processing, recycling, recovery, pre-processing, co-processing, utilising, selling, transferring or disposing hazardous or other waste.

The Manufacturing, Storage and Import of Hazardous Chemicals Rules, 1989 ("MSIHC Rules")

The MSIHC Rules stipulate that an occupier in control of an industrial activity has to provide evidence to show that he has identified the major accident hazards and taken adequate steps to prevent such major accidents and to limit their consequences to persons and the environment. Further, the occupier has an obligation to show that he has provided necessary information, training and equipment, including antidotes, to the persons working on the site to ensure their safety. Also, the occupier is under an obligation to notify the concerned authority of the occurrence of a major accident upon the site or in a pipeline within 48 hours of such accident.

Shops and establishments legislations in various states

Under the provisions of local shops and establishments legislations applicable in the states in India where our establishments are set up, such establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments, including commercial establishments, and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of records, maintenance of shops and establishments and other rights and obligations of the employers and employees. These shops and establishments acts, and the relevant rules framed thereunder, also prescribe penalties in the form of monetary fine or imprisonment for violation of provisions, as well as procedures for appeal in relation to such contravention of the provisions.

Laws related to Intellectual Property

Trademarks Act, 1999 ("Trademarks Act")

The Trademarks Act provides for the application and registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement of such marks. Application for the registration of trademarks has to be made to Controller-General of Patents, Designs and Trademarks who is the Registrar of Trademarks for the purposes of the Trademarks Act. The Trademarks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks and using them to cause confusion among the public.

The Patents Act, 1970 ("Patents Act")

The Patents Act governs the patent regime in India. India is a signatory to the Trade Related Agreement on Intellectual Property Rights ("**TRIPS**"); India recognizes both product as well as process patents. The Patents Act provides for the following, among other things:

- Patent protection period of 20 years from the date of filing the patent application;
- Recognition of product patents in respect of food, medicine and drugs;
- Import of patented products will not be considered as an infringement; and
- Under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer. An application for a patent can be filed in any of the four patent offices in India.

Laws relating to taxation

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that may be applicable to the operations of our Company include:

- Central Goods and Service Tax Act, 2017 and various state-wise legislations made thereunder;
- Integrated Goods and Services Tax Act, 2017;
- Central Sales Tax Act, 1956 and various state-wise legislations made thereunder;
- Income Tax Act 1961, as amended by the Finance Act in respective years;
- Customs Act, 1961;
- Indian Stamp Act, 1899 and various state-wise legislations made thereunder; and
- State-wise legislations in relation to professional tax.

Laws relating to Employment

Certain other laws and regulations that may be applicable to our Company in India include the following:

- Andhra Pradesh (Issuance of Integrated Registration and Furnishing of Combined Returns under various labour laws by certain Establishments) Act, 2015;
- Employees Compensation Act, 1923;

- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Equal Remuneration Act, 1976*;
- Factories Act, 1948;
- The Maternity Benefit Act, 1961;
- Industrial Disputes Act, 1947;
- Inter State Migrant Workers Act, 1979;
- Minimum Wages Act, 1948*;
- Payment of Bonus Act, 1965*;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936*;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- Telangana Shops and Establishments Act, 1988; and
- Industrial Employment (Standing Order) Act, 1946

In order to rationalise and reform labour laws in India, the Government of India has recently enacted four labour codes, namely, The Code on Wages, 2019 (“Wage Code”), The Industrial Relations Code, 2020 (“Industrial Code”), The Occupational Safety, Health and Working Conditions Code, 2020 (“Safety and Health Code”), and The Code on Social Security, 2020 (“Social Security Code”). The Wage Code, Industrial Relations Code, Safety and Health Code, and Social Security Code have received the President of India’s assent, and will come into force at a date notified by the Central Government.

The Wage Code amends and consolidates laws relating to wages and bonus. It subsumes and replaces four existing laws, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

The Industrial Relations Code consolidates and amends laws relating to trade unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial dispute. It subsumes and replaces the Industrial Disputes Act, 1947, Trade Unions Act, 1926, and Industrial Employment (Standing Orders) Act, 1946.

The Safety and Health Code subsumes and replaces certain existing labour legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

The Social Security Code subsumes and replaces certain existing legislations including the Employee's Compensation Act, 1923, the Employees’ State Insurance Act, 1948, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers’ Welfare Cess Act, 1996 and the Unorganised Workers’ Social Security Act, 2008.

Information Technology Laws

Our Company is also required to comply with the provisions of the Information Technology (Reasonable security practices and procedures and sensitive personal data on information) Rules, 2011. The rules aim to protect sensitive personal data such as medical records and history which is collected by an individual or a person who is involved in commercial or professional activities and ensure that the same are available for view by such providers of information who has provided such information under lawful contract.

Other laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, Sale of Goods Act 1930, Consumer Protection Act 1986 and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as 'MedPlus Health Services Private Limited' at Hyderabad, Andhra Pradesh as a private limited company under the Companies Act, 1956, and was granted the certificate of incorporation on November 30, 2006 by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company was converted from a private limited company to a public limited company, pursuant to a special resolution passed by our Shareholders at the EGM held on June 1, 2021 and the name of our Company was changed to 'MedPlus Health Services Limited'. Consequently, a fresh certificate of incorporation was issued by the Registrar of Companies, Telangana at Hyderabad on June 28, 2021.

Changes in the Registered Office

There has been no change in the registered office of our Company since the date of incorporation.

Main objects of our Company

The main objects contained in our MoA are as follows:

1. *"***

2. *To establish, run, take on hire or lease, maintain, organize and promote diagnostic centers, polyclinics, hospitals, clinics and blood banks.*

3. *Undertake Hospital Automation, Hospital management, Project Management, Health camps and launch Healthcare schemes.*

4. *To establish, set up, maintain, manage, run or otherwise deal with pathological and radiological laboratory testing, clinical reference laboratory services, diagnostic services and to provide services and solutions relating to medical tests and clinical examinations for health care.*

5. *To carry on the business of manufacturer, producers, makers, buyers, sellers, exporters, importers, distributor, stockists agents, merchants, suppliers, representatives and dealers of Surgical & healthcare equipments. Ayurvedic Medicines, Herbal Medicines, Cosmetics, Herbal or other such products used for Health and Beauty Care and Food Supplements like nourishes, tonics, nutrition, supplement, proteins and such other allied products on wholesale basis including setting up contract manufacturing facility.*

6. *To manufacture, buy, sell, import, export, distribute or deal in Medical and Pharmaceutical Products on wholesale basis and in all kinds of drugs, intermediates, disinfectants, tinctures, colloidal products, injectables and all the pharmaceuticals and medicinal preparations.*

7. *To carry on the business of processing, mixing, packing, preserving, freezing, extracting, refining, importing, exporting, buying, selling, wholesale trading, manufacturing and to act as broker, wholesale distributor, agency, factors, stockiest or otherwise deal in processed foods, health foods, protein foods, fresh foods and all kinds of food and healthcare products and equipments on wholesale basis including but not limited to food supplements and other consumable provision of every description for human consumption and usage including all kinds of healthcare equipments, Orthopedic pads, Electronic, Electrical and general home made products such as rotimaker, bathtowels, wallets, gift vouchers and any other products in and outside India on wholesale basis.*

8. *To carry on the business of manufacturers, wholesale importers and exporters, whole sale dealers of and in men's, women's and children clothing and wearing apparel of every kind, nature and description including shirts, bush-shirts, t-shirts, pyjama suits, vests, underwear's, suits, foundation garments for ladies dresses, maternity belts, knee caps, coats, and to deal in all other kinds of material, apparel as may be conveniently carried on with the above business.*

9. *To carry on the business of wholesale trading, franchising, outsourcing, branding, factoring. promoting, distributing, marketing, negotiating, supplying, processing of FMCG (fast moving consumer goods) of all kinds, varieties and descriptions such as mosquito coils, soaps, cosmetics, teeth cleaning products, shaving products, detergents, toiletries, hair oil, vegetable oil as well as other non-durables namely glassware, light bulbs, batteries, tissue paper, paper products, plastic goods, food and health beverages, bakery products such as bread, biscuits, milk and dairy products, beverages such as tea, coffee, juices, drinks, bottled water, snack food, chocolates."*

The main objects as contained in our MoA enable our Company to carry on the business presently being carried out and proposed to be carried out by it.

Amendments to the MoA

Set out below are the amendments to our MoA in the last 10 years:

Date of Shareholders' resolution/ Effective date	Particulars
November 7, 2014	Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹90,000,000 divided into 185,000 Equity Shares of ₹10 each and 8,815,000 preference shares of ₹10 each to ₹124,200,000 divided into 185,000 Equity Shares of ₹10 each and 12,235,000 preference shares of ₹10 each.
December 15, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹124,200,000 divided into 185,000 Equity Shares of ₹10 each and 12,235,000 preference shares of ₹10 each to ₹124,300,000 divided into 195,000 Equity Shares of ₹10 each and 12,235,000 preference shares of ₹10 each.
February 2, 2018	Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹124,300,000 divided into 195,000 Equity Shares of ₹10 each and 12,235,000 preference shares of ₹10 each to ₹124,500,000 divided into 215,000 Equity Shares of ₹10 each and 12,235,000 preference shares of ₹10 each.
March 16, 2019	Clause V of the MoA was amended to reflect the re-classification of the authorised share capital from ₹124,500,000 divided into 215,000 Equity Shares of ₹10 each and 12,235,000 preference shares of ₹10 each to ₹124,500,000 divided into 215,000 Equity Shares of ₹10 each and 6,117,500 preference shares of ₹20 each.
December 6, 2019	Clause III (A) (1) of the MoA, i.e., "*To manufacture, buy, sell, import, export, distribute or deal in Medical and Pharmaceutical Products like Intravenous Sets, Intravenous Solutions, all kinds of drugs, disinfectants, tinctures, colloidal products, injectable and all the pharmaceuticals and medicinal preparations*." was deleted.
November 24, 2020	Clause III (A) (5) to (9) of the MoA was inserted: *5.* "*To carry on the business of manufacturer, producers, makers, buyers, sellers, exporters, importers, distributors, stockists, agents, merchants, suppliers, representatives and dealers of Surgical & healthcare equipments, Ayurvedic medicines, Herbal Medicines, Cosmetics, Herbal or other such products used for Health and Beauty Care and Food Supplements like nourishes, tonics, nutrition, supplement, proteins and such other allied products including setting up contract manufacturing facility.* *6. To manufacture, buy, sell, import, export, distribute or deal in Medical and Pharmaceutical Products and in all kinds of drugs, intermediates, disinfectants, tinctures, colloidal products, injectables and all the pharmaceuticals and medicinal preparations.* *7. To carry on the business of processing, mixing, packing, preserving, freezing, extracting, refining, importing, exporting, buying, selling, trading, manufacturing and to act as broker, distributor, agency, factors, stockiest or otherwise deal in processed foods, health foods, protein foods, fresh foods and all kinds of food and healthcare products and equipments including but not limited to food supplements and other consumable provision of every description for human consumption and usage including all kinds of healthcare equipments, Orthopedic pads, Electronic, Electrical and general home made products such as rotimaker, bathtowels, wallets, gift vouchers and any other products in and outside India.* *8. To carry on the business of manufacturers, importers and exporters, whole sale and retail dealers of and in men's, women's and children clothing and wearing apparel of every kind, nature and description including shirts, bush - shirts, t-shirts, pyjama suits, vests, underwear's, suits, foundation garments for ladies dresses, maternity belts, knee caps, coats, and to deal in all other kinds of material, apparel as may be conveniently carried on with the above business.* *9. To carry on the business of trading, franchising, outsourcing, branding, factoring, promoting, distributing, marketing, negotiating, supplying, processing of FMCG (fast moving consumer goods) of all kinds, varieties and descriptions such as mosquito coils, soaps, cosmetics, teeth cleaning products, shaving products, detergents, toiletries, hair oil, vegetable oil as well as other non-durables namely glassware, light bulbs, batteries, tissue paper, paper products, plastic goods, food and health beverages, bakery products such as bread, biscuits, milk and dairy products, beverages such as tea, coffee, juices, drinks, bottled water, snack food, chocolates*."
December 7, 2020	Clause III (A) (5) to (9) of the MoA was replaced with: *5. "To carry on the business of manufacturer, producers, makers, buyers, sellers, exporters, importers, distributor, stockists agents, merchants, suppliers, representatives and dealers of Surgical & healthcare equipments. Ayurvedic Medicines, Herbal Medicines, Cosmetics, Herbal or other such products used for*

Date of Shareholders' resolution/ Effective date	Particulars
	Health and Beauty Care and Food Supplements like nourishes, tonics, nutrition, supplement, proteins and such other allied products on wholesale basis including setting up contract manufacturing facility. *6. To manufacture, buy, sell, import, export, distribute or deal in Medical and Pharmaceutical Products on wholesale basis and in all kinds of drugs, intermediates, disinfectants, tinctures, colloidal products, injectables and all the pharmaceuticals and medicinal preparations.* *7. To carry on the business of processing, mixing, packing, preserving, freezing, extracting, refining, importing, exporting, buying, selling, wholesale trading, manufacturing and to act as broker, wholesale distributor, agency, factors, stockiest or otherwise deal in processed foods, health foods, protein foods, fresh foods and all kinds of food and healthcare products and equipments on wholesale basis including but not limited to food supplements and other consumable provision of every description for human consumption and usage including all kinds of healthcare equipments, Orthopedic pads, Electronic, Electrical and general home made products such as rotimaker, bathtowels, wallets, gift vouchers and any other products in and outside India on wholesale basis.* *8. To carry on the business of manufacturers, wholesale importers and exporters, whole sale dealers of and in men's, women's and children clothing and wearing apparel of every kind, nature and description including shirts, bush-shirts, t-shirts, pyjama suits, vests, underwear's, suits, foundation garments for ladies dresses, maternity belts, knee caps, coats, and to deal in all other kinds of material, apparel as may be conveniently carried on with the above business.* *9. To carry on the business of wholesale trading, franchising, outsourcing, branding, factoring. promoting, distributing, marketing, negotiating, supplying, processing of FMCG (fast moving consumer goods) of all kinds, varieties and descriptions such as mosquito coils, soaps, cosmetics, teeth cleaning products, shaving products, detergents, toiletries, hair oil, vegetable oil as well as other non-durables namely glassware, light bulbs, batteries, tissue paper, paper products, plastic goods, food and health beverages, bakery products such as bread, biscuits, milk and dairy products, beverages such as tea, coffee, juices, drinks, bottled water, snack food, chocolates."*
December 24, 2020	Clause V of the MoA was amended to reflect the increase of the authorised share capital from ₹124,500,000 divided into 215,000 Equity Shares of ₹10 each and 6,117,500 preference shares of ₹20 each to ₹127,000,000 divided into 465,000 Equity Shares of ₹10 each and 6,117,500 preference shares of ₹20 each.
January 23, 2021	Clause V of the MoA was amended to reflect the increase of the authorised share capital from ₹127,000,000 divided into 465,000 Equity Shares of ₹10 each and 6,117,500 preference shares of ₹20 each to ₹443,650,000 divided into 465,000 Equity Shares of ₹10 each and 21,950,000 preference shares of ₹20 each.
June 1, 2021	Clause I of the MoA was amended to reflect the change in name of the Company from 'MedPlus Health Services Private Limited' to 'MedPlus Health Services Limited'. Clause II of the MoA was amended pursuant to bifurcation of the erstwhile state of Andhra Pradesh.
July 9, 2021	Clause V of the MoA was amended to reflect the split in the authorised share capital of ₹443,650,000 from 465,000 Equity Shares of ₹10 each and 21,950,000 preference shares of ₹20 each to 2,325,000 Equity Shares of ₹2 each and 21,950,000 preference shares of ₹20 each
July 23, 2021	Clause V of the MoA was amended to reflect the increase in authorised share capital from ₹443,650,000 divided into 2,325,000 Equity Shares of ₹2 each and 21,950,000 preference shares of ₹20 each to ₹503,366,000 divided into 32,183,000 Equity Shares of ₹2 each and 21,950,000 preference shares of ₹20 each.
August 3, 2021	Clause V of the MoA was amended to reflect the increase in authorised share capital from ₹503,366,000 divided into 32,183,000 Equity Shares of ₹2 each and 21,950,000 preference shares of ₹20 each to ₹503,466,000 divided into 32,233,000 Equity Shares of ₹2 each and 21,950,000 preference shares of ₹20 each.

Major events and milestones of our Company

Calendar year	Event
2007	Pharmaceutica Ventures Limited invested ₹800 million, by subscribing to 45,720 equity shares, Peepul Capital Fund II LLC invested ₹ 226.33 million by subscribing to 30,000 equity shares of the Company and NEA-IndoUS Venture Capital LLC invested $5 million by subscribing to 11,620 equity shares of our Company (out of which 4,662 equity shares through conversion of Series A CCPS.)

Calendar year	Event
2012	EBITDA of our Company turned positive
2017	Gangadi Investments Private Limited acquired 122,347 equity shares, 12,000,000 unlisted redeemable preference shares and 42,847,000 non-convertible debentures from MKCP Direct Investments (Mauritius) IV Limited, MKCP Institutional Investor (Mauritius) III Limited, TVS Shriram Growth Fund IA and Indiaventure Trust – Fund I
2019	PI Opportunities Fund - I invested acquiring 22.21% stake of our Company as on date, pursuant to purchase of 21,233 equity shares
2021	Lavender Rose invested ₹6.56 billion, acquiring a 24.58% stake of our Company as on date through primary and secondary transactions.
2021	PI Opportunities Fund - I invested ₹222.10 million by subscribing to 160,147 Series C2 CCPS.

Awards, accreditations and recognitions received by our Company and Subsidiaries

Calendar Year	Awards
2012	VC Circle Awards – Best VC-backed Healthcare Services Company
2017	Hans India - hmtv Business Excellence Award – Best in Retail category

Time and cost over-runs

Our Company and Subsidiaries have not experienced any time or cost overruns in relation thereto.

Defaults or re-scheduling of borrowings

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Subsidiaries from any bank. As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding financial indebtedness.

Lock-out and strikes

There have been no lock-outs or strikes at any time in our Company or Subsidiaries.

Accumulated Profits or Losses

There are no accumulated profits and losses of any Subsidiaries that are not accounted for by our Company in the Restated Consolidated Financial Information.

Significant financial and strategic partners

Our Company does not have any significant financial or strategic partners.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants see "*Our Business*" on page 119.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last ten years

Except as disclosed below, our Company and its Subsidiaries have not acquired any business/ undertakings, and have not undertaken any mergers, amalgamations or any revaluation of assets, in the last ten years.

DMPL

Share purchase agreement dated January 5, 2012 entered into amongst NSPPL (erstwhile Panindia Pharma Distributors Private Limited), Nitin Pavan Jain, Pavan Kumar Nemichand Jain, Ugambai Jain, Usha Jain, Priyanka Jain (together "Sellers") and Deccan Medisales Private Limited ("DMPL")

Pursuant to the share purchase agreement dated January 5, 2012, NSPPL purchased 10,000 equity shares of DMPL, constituting 100% of the paid-up share capital of DMPL, from the Sellers for an aggregate consideration of ₹3.10 million

SPDPL

Share purchase agreement dated September 15, 2014 entered into amongst NSPPL (erstwhile Panindia Pharma Distributors Private Limited), G. Narasimha Reddy ("Seller"), Sidson Pharma Distributors Private Limited ("SPDPL"), read with the addendum to the share purchase agreement dated March 1, 2016

Pursuant to the share purchase agreement dated September 15, 2014, NSPPL purchased 9,999 equity shares of SPDPL, constituting 99.99% of the paid-up share capital of SPDPL, from the Seller for a total consideration of ₹5.1 million.

SBPPL

Share purchase agreement dated September 20, 2014 entered into amongst NSPPL (erstwhile Panindia Pharma Distributors Private Limited), K N Venkatakrishna, K N Venkatesh (together "Sellers"), Shri Banashankari Pharma Private Limited ("SBPPL")

Pursuant to the share purchase agreement dated September 20, 2014, NSPPL purchased 10,000 equity shares of SBPPL, constituting 100% of the paid-up share capital of SBPPL, from the Sellers for a total consideration of ₹1.1 million.

Acquisition of Ritemed by Optival

Scheme of Amalgamation between Optival and Ritemed

Optival and Ritemed filed a scheme of amalgamation under Section 232 read with Section 230 of the Companies Act, 2013 before the National Company Law Tribunal, Hyderabad Bench at Hyderabad to merge the business and undertaking of Ritemed, comprising of retail trading of medicines and general items through various outlets, together with, *inter-alia*, all assets, properties, liabilities, duties and obligations whether provided for in the books of accounts or not, intellectual property rights, trade and service names, confidential information, and employees of Ritemed ("**Business Undertaking**") with Optival ("**Scheme of Amalgamation**"). The Scheme of Amalgamation was approved by the National Company Law Tribunal, Hyderabad Bench pursuant to an order dated August 14, 2018. Upon amalgamation, the authorised share capital of Optival was increased by ₹230 million, i.e. the extent of the share capital of Ritemed that was merged with the share capital of Optival.

A certified copy of the order of the Scheme of Amalgamation dated August 14, 2018, was filed with the RoC on October 3, 2018, as required under Section 232(5) of the Companies Act, 2013, and the Scheme of Amalgamation became operative with effect from April 1, 2016 ("**Appointed Date**"). Consideration was paid by way of equity shares of Optival issued to the shareholders of Ritemed, in the ratio of 136 equity shares in Optival of face value ₹10 at a premium of ₹26 each, credited as fully paid-up for every 100 equity shares of Ritemed of ₹10 each fully paid-up held by the shareholders of Ritemed. The equity shares issued and allotted by Optival in terms of the Scheme of Arrangement have been ranked *pari passu* in all respects with equity shares of Optival existing at the time of allotment.

The Business Undertaking was transferred to and vested in Optival as a going concern as on the Appointed Date. On the Appointed Date, all liabilities including all secured and unsecured debts, sundry creditors, contingent liabilities, duties and obligations of every kind utilised for the business activities and operations of Ritemed were transferred to and assumed by Optival to the extent that they were outstanding. This transfer was on the same terms and conditions as were applicable to Ritemed and Optival undertook to discharge the obligations arising from all liabilities. All loans and debts raised during the transition period were be deemed to be taken for the use of Optival and were transferred to Optival.

On the Appointed Date, all legal proceedings pending against Ritemed was continued or executed against Optival, as it would have been against Ritemed if this Scheme of Amalgamation had not been made. On and from the Appointed Date, Optival could initiate any legal proceedings for and on behalf of Ritemed in the name of Optival and could defend or initiate any legal proceedings in relation to its rights and liabilities as Ritemed could have if this Scheme of Amalgamation had not been made.

KMPL

Share purchase agreement dated September 25, 2019 entered into amongst KMPL, Krish Ramesh, Krishnan Sundar, Sanjay Kumar (together "Sellers") and our Company, read with the Investment cum Shareholders' Agreement dated September 25, 2019

Pursuant to the share purchase agreement dated September 25, 2019, our Company purchased 86,636 equity shares of KMPL from the Sellers for an aggregate consideration of ₹5 million. Further, pursuant to the Investment cum Shareholders' Agreement dated September 25, 2019, the Company subscribed to 125,000 fully paid up equity shares in KMPL, at ₹100 each for an aggregate consideration of ₹12.5 million.

MHSPPL

Business transfer agreement dated December 10, 2020 entered into amongst MHSPPL and our Company

MHSPPL and our Company entered into the BTA, pursuant to which the business undertaking of MHSPPL comprising of the manufacturing, wholesale trading and contract manufacturing of pharmaceutical, fast-moving consumer goods and beauty products together with, *inter-alia*, the employees, assets and liabilities as agreed upon between the parties, and all the business contracts and books and records, and excluding the business of import of products and its subsequent distribution and pure whole sale business undertaken by MHSPPL ("**Business Undertaking**"), was transferred to our Company as a going concern on a slump sale basis for a lump sum purchase consideration aggregating ₹195.04 million on December 11, 2020 ("**Effective Date**"). The purchase consideration for the Business Undertaking has been discharged by way of cash paid to MHSPPL.

Pursuant to the BTA, the Business Undertaking, along with revenues generated and all obligations and liabilities incurred by MHSPPL between the Effective Date and the completion date, was transferred to us with effect from the Effective Date, and our Company is the full and undisputed owner of the Business Undertaking with effect from the Effective Date.

Simultaneous with the transfer of the Business Undertaking, the employees of MHSPPL as agreed upon by the parties have been transferred to our Company, as on the Effective Date.

The liabilities transferred to us pursuant to the BTA include provision for gratuity of all transferred employees, trade payables relating to the domestic manufacturing and contract manufacturing business, and liabilities relating to transferred employees and capex cost of domestic contract manufacturing and manufacturing business, and we have assumed all obligations in connection therewith. We are liable to satisfy and discharge all transferred liabilities pertaining to or arising out of the Business Undertaking on or after the Effective Date. MHSPPL has agreed to indemnify us from and against claims arising from misrepresentation or fraud in or breach of warranties by MHSPPL, losses incurred due to business undertaken by MHSPPL before the date of completion and breach or non-performance of any covenant of the BTA.

Holding Company

Our Company does not have a holding company.

Our Subsidiaries

Our Company has six direct Subsidiaries and five step-down Subsidiaries.

Details of our Subsidiaries are as follows:

Direct Subsidiaries

1. **Clearancekart Private Limited ("CPL")**

Corporate Information

CPL was incorporated on March 9, 2021 as a private company limited by shares under the Companies Act, 2013. The CIN of CPL is U52100TG2021PTC149432. The registered office of CPL is located at H. No. 11-6-56, Survey No. 257 & 258/1, Opposite IDPL Railway Siding Road, Moosapet, Kukatpally, Hyderabad 500 037.

CPL is authorized to undertake the business of trading in medical and pharmaceutical products, and carrying on the business of online shopping, net marketing, etc. excluding banking and money circulating business. CPL does not have any significant operations as on date.

Capital Structure

As provided by the Company, the authorised share capital of CPL is ₹5,000,000 divided into 500,000 equity shares of ₹10 each and the paid-up share capital of CPL is ₹ 100,000 divided into 10,000 equity shares of ₹10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
Company#	9999	99.99
Cherukupalli Bhaskar Reddy*	1	0.01
Total	10000	100.00

* *Ostensible owner on behalf of our Company*

\# *The Company subscribed to 9,999 shares of ₹10 each of CPL. The transfer of shares and consideration occurred subsequent to the end of Fiscal 2021*

2. **Kalyani Meditimes Private Limited ("KMPL")**

Corporate Information

KMPL was incorporated on July 28, 2016 as a private company limited by shares under the Companies Act, 2013. The CIN of KMPL is U74999TN2016PTC111701. The registered office of KMPL is located at 258/1A, 2nd Floor, LGP Complex, 200 Feet Service Road, Mettukuppam Road, Vanagaram, Chennai 600 095, Tamil Nadu, India.

KMPL is authorized to undertake the business of providing an integrated healthcare services technology platform capable of connecting various healthcare providers and users, providing services by creating suitable web enabled and mobile/tablet enabled applications, inviting and enabling users to use the applications, providing facilitation and collection services for payments, taking orders and enabling service home and institutional delivery of such goods, imparting the business of consulting, practice and allied services in areas of experience/knowledge of directors and employees, and providing services related to the areas of healthcare and allied services. It is currently engaged in the business of providing a digital healthcare services platform.

Capital Structure

The authorized share capital of KMPL is ₹62,000,000 divided into 620,000 shares of ₹100 each and its issued, subscribed and paid up equity share capital is ₹58,997,300 divided into 589,973 shares of ₹100 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
Company	386,636	65.53
Krish Ramesh	132,792	22.51
Krishnan Sundar	70,545	11.96
Total	**589,973**	**100.00**

3. **MHS Pharmaceuticals Private Limited** ("**MHSPPL**")

Corporate Information

MHSPPL was incorporated on June 12, 2008 as a private company limited by shares under the Companies Act, 1956. The CIN of MHSPPL is U24233TG2008PTC059624. The registered office of MHSPPL is located at H. No. 11-6-56, Survey No. 257 & 258/1, Opp: IDPL Railway Siding Road, Moosapet, Kukatpally, Hyderabad 500 037, Telangana, India.

MHSPPL is authorised to undertake the business of dealing in medical and pharmaceutical products and in drugs, intermediates, disinfectants, tinctures, colloidal products, injectables and all the pharmaceuticals and medicinal preparations. It is currently engaged in the business of wholesale trading of fast moving consumer goods and healthcare products.

Capital Structure

The authorised share capital of MHSPPL is ₹ 70,100,000 divided into 7,010,000 equity shares of face value of ₹ 10 each and the paid-up share capital of MHSPPL is ₹ 70,100,000 divided into 7,010,000 equity shares of face value of ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
Company	7,009,998	100.00
R P Srinivas*	2	Negligible
Total	**7,010,000**	**100.00**

* *Beneficial owner on behalf of our Company*

4. **Nova Sud Pharmaceuticals Private Limited ("NSPPL")**

Corporate Information

NSPPL was originally incorporated as 'Panindia Pharma Distributors Private Limited' on October 12, 2007 as a private limited company under the Companies Act, 1956. The name of 'Panindia Pharma Distributors Private Limited' was changed to 'Nova Sud Pharmaceuticals Private Limited' pursuant to which a fresh certificate of incorporation was granted by the RoC on November 15, 2019. The CIN of NSPPL is U24232TG2007PTC055895. The registered office of NSPPL is located at No. 3-4-97/Q/NR/ within St. John Seminary Compound, Ramanthpur, Hyderabad 500 013, Telangana, India.

NSPPL is authorised to undertake the business of manufacturing and dealing in medical and pharmaceutical products, ayurvedic and herbal medicines and undertaking hospital automation, management and allied activities. It is currently engaged in the business of wholesale trading of drugs.

Capital Structure

The authorised share capital of NSPPL is ₹68,600,000 divided into 6,860,000 equity shares of face value ₹10 each and the paid-up share capital of NSPPL is ₹ 68,600,000 divided into 6,860,000 equity shares of face value ₹10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
Company	6,859,998	100.00
Cherukupalli Bhaskar Reddy*	1	Negligible
Ravi Venkat Reddy*	1	Negligible
Total	**6,860,000**	**100.00**

* *Beneficial owner on behalf of our Company.*

5. **Optival Health Solutions Private Limited ("Optival")**

Corporate Information

Optival was incorporated on July 11, 2005 as a private company limited by shares under the Companies Act, 1956. The CIN of Optival is U85110TG2005PTC046821. The registered office of Optival is located at H. No. 11-6-56, Survey No. 257 & 258/1, Opp: IDPL Railway Siding Road, Moosapet, Kukatpally, Hyderabad 500 037, Telangana, India.

Optival is authorized to undertake the business of establishing and running retail pharmacy stores, health centres, clinics, etc., dealing in any manner in medical and pharmaceutical products, ayurvedic medicines and herbal medicines, undertaking of hospital automation, hospital management and allied services, processing and trading of processed, health, protein foods, etc. and manufacturing and dealing in men's, women's and children's clothing. All 'MedPlus' branded pharmacy stores are operated by Optival. Optival is engaged in the business of retail sale of drugs and medical devices, retail sale of food products and fast-moving consumer goods and online sale of over-the-counter and prescription drugs, food products, fast moving consumer goods and medical devices.

Capital Structure

The authorised share capital of Optival is ₹2,030,000,000 divided into 203,000,000 equity shares of face value ₹10 each and the paid-up share capital of Optival is ₹1,995,390,270 divided into 199,539,027 equity shares of face value ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
Company	199,521,040	99.99
Ajay Kumar Bannai	17,984	0.01
Gangadi Madhukar Reddy *	1	Negligible
Srinivas Koppolu	1	Negligible
A Raghava Reddy	1	Negligible
Total	**199,539,027**	**100.00**

* *Ostensible owner on behalf of our Company*

6. **Wynclark Pharmaceuticals Private Limited** ("**WPPL**")

Corporate Information

WPPL was originally incorporated as 'MedPlus PathLabs Private Limited' on February 8, 2007 as a private limited company under the Companies Act, 1956. The name of 'MedPlus PathLabs Private Limited' was changed to 'MedPlus Smart Private Limited' pursuant to which a fresh certificate of incorporation was granted by the RoC on July 26, 2012. The name of 'MedPlus Smart Private Limited' was changed to 'MedPlus Mart GLobal Private Limited' pursuant to which a fresh certificate of incorporation was granted by the RoC on August 16, 2012. The name of 'MedPlus Mart GLobal Private Limited' was changed to 'Medsupply Distributors Private Limited' pursuant to which a fresh certificate of incorporation was granted by the RoC on July 21, 2014. The name of 'Medsupply Distributors Private Limited' was changed to 'Wynclark Pharmaceuticals Private Limited' pursuant to which a fresh certificate of incorporation was granted by the RoC on August 20, 2019. The CIN of WPPL is U24239TG2007PTC052676. The registered office of WPPL is located at Ground Floor, 12-7-20/64/2, Survey No. 793, Goods Shed Road, Moosapet, Kukatpally, Hyderabad 500 018, Telangana, India.

WPPL is authorised to undertake in the business of trading and dealing in cosmetics, perfumes, etc., distributing, marketing, and supplying of FMCG, dealing in all types of groceries, confectionery items, processed foods, and dealing in medical and pharmaceutical products. It is currently engaged in the business of wholesale trading of goods and manufacturing drugs through pharmaceutical companies on contract basis.

Capital Structure

The authorised share capital of WPPL is ₹140,800,000 divided into 14,080,000 equity shares of face value ₹10 each and the paid-up share capital of WPPL is ₹ 140,773,500 divided into 14,077,350 equity shares of face value ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
Company	14,077,348	100.00
Paidiwar Srinivas*	2	Negligible
Total	**14,077,350**	**100.00**

** Beneficial owner on behalf of our Company*

Step-down Subsidiaries

7. **Deccan Medisales Private Limited**

Corporate Information

DMPL was incorporated on June 17, 2011 as a private company limited by shares under the Companies Act, 1956. The CIN of DMPL is U51397KA2011PTC059204. The registered office of DMPL is located at M. No. 562/105/1, Portion I, 1st Main Road, S R Compound, South City Road, Bannerughatta Road, Bangalore 560 076, Karnataka, India.

DMPL is authorized to undertake the business of dealing in all kinds and varieties of patent medicines and drugs mixtures, and dealing in pharmaceutical, medicinal drugs, etc. It is currently engaged in the business of wholesale trading of drugs.

Capital Structure

The authorised share capital of DMPL is ₹ 2,100,000 divided into 210,000 equity shares of face value of ₹10 each and the paid-up share capital of DMPL is ₹ 2,100,000 divided into 210,000 equity shares of face value of ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
NSPPL	209,999	100.00
R P Srinivas*	1	Negligible
Total	**210,000**	**100.00**

* *registered owner on behalf of NSSPL*

8. **Sai Sridhar Pharma Private Limited ("SSPPL")**

Corporate Information

SSPPL was incorporated on October 12, 2007 as a private company limited by shares under the Companies Act, 1956. The CIN of SSPPL is U24232TG2007PTC055902. The registered office of SSPPL is located at Plot No. 5, First Floor, Opposite IDPL Company, Balanagar, Hyderabad 500 037, Telangana, India.

SSPPL is authorized to undertake the business of dealing in medical and pharmaceutical products, ayurvedic medicine and herbal medicine, undertaking hospital automation, hospital management and allied activities, and dealing in optical frames, spectacles, spectacle cases, sunglasses, etc. It is currently engaged in the business of wholesale trading of drugs and manufacturing optical frames.

Capital Structure

The authorised share capital of SSPPL is ₹ 250,000 divided into 25,000 equity shares of face value of ₹10 each and the paid-up share capital of SSPPL is ₹ 238,880 divided into 23,888 equity shares of face value of ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
NSPPL	23,886	100.00
D Chandra Shekar*	1	Negligible
R Venkat Reddy*	1	Negligible
Total	**23,888**	**100.00**

* *Registered owner on behalf of NSPPL*

9. **Shri Banashankari Pharma Private Limited ("SBPPL")**

Corporate Information

SBPPL was incorporated on March 21, 2014 as a private company limited by shares under the Companies Act, 2013. The CIN of SBPPL is U74900KA2014PTC074302. The registered office of SBPPL is located at M. No. 562/105/1, Portion II, 1st Main Road, S R Compound, South City Road, Bannerughatta Road, Bangalore 560 076, Karnataka, India.

SBPPL is authorized to undertake in the business of manufacturing, formulating, and trading in pharmaceuticals, antibiotics, drugs, medicines, healthcare, ayurvedic and dietary supplement products, medicinal preparations, etc. SBPPL is currently engaged in the business of wholesale trading of drugs.

Capital Structure

The authorised share capital of SBPPL is ₹ 2,100,000 divided into 210,000 equity shares of face value of ₹10 each and the paid-up share capital of SBPPL is ₹ 2,100,000 divided into 210,000 equity shares of face value of ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
NSPPL	209,999	100.00
Phani Srinivas Ramella*	1	Negligible
Total	**210,000**	**100.00**

**Beneficial owner on behalf of NSPPL*

10. **Sidson Pharma Distributors Private Limited ("SPDPL")**

Corporate Information

SPDPL was incorporated on January 3, 2014 as a private company limited by shares under the Companies Act, 2013. The CIN of SPDPL is U74900TG2014PTC092145. The registered office of SPDPL is located at Plot No. 5, First Floor, Opp: IDPL Company, Balanagar, Hyderabad 500 037, Telangana, India.

SPDPL is authorized to undertake in the business of distributing pharmaceuticals, vaccines, etc. in all branches, researching and designing in the fields of biology, bio-technology and biochemistry, manufacturing pharmaceuticals and allied goods, and trading and engaging in development of pharmaceuticals and medicines. SPDPL is currently engaged in the business of wholesale trading of drugs.

Capital Structure

The authorised share capital of SPDPL is ₹ 40,100,000 divided into 4,010,000 equity shares of face value of ₹10 each and the paid-up share capital of SPDPL is ₹ 40,100,000 divided into 4,010,000 equity shares of face value of ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
NSPPL	4,009,999	100.00
Phani Srinivas Ramella*	1	Negligible
Total	4,010,000	**100.00**

* *Registered owner on behalf of NSPPL*

11. **Venkata Krishna Enterprises Private Limited ("VKEPL")**

Corporate Information

VKEPL was incorporated on November 1, 2010 as a private company limited by shares under the Companies Act, 1956. The CIN of VKEPL is U51909TG2010PTC071012. The registered office of VKEPL is located at H.No. 1-1-650/17, Gandhi Nagar, New Bakaram, Hyderabad 500 080, Telangana, India.

VKEPL is authorized to undertake the business of dealing in medicines, toiletries, oils, etc., transacting and undertaking agency business, and acting as buyers, sellers, importers, exporters, agents, distributors, representatives of manufacturers etc., of in all kinds of plant and machinery. It is currently engaged in the business of wholesale trading of pharmaceutical products.

Capital Structure

The authorised share capital of VKEPL is ₹ 1,000,000 divided into 100,000 equity shares of face value of ₹10 each and the paid-up share capital of VKEPL is ₹ 183,330 divided into 18,333 equity shares of face value of ₹ 10 each.

Shareholding

Name of the Shareholder	Number of equity shares of face value ₹ 10 each	Percentage of the total shareholding (%)
NSPPL	18,332	100.00
Cherukupalli Bhaskar Reddy *	1	Negligible
Total	**18,333**	**100.00**

* *Registered owner on behalf of NSPPL*

Common Pursuits

Except as disclosed in "*Our Business*" and "*Financial Statements*" on pages 119 and 179, respectively, as on the date of this Draft Red Herring Prospectus, the Subsidiaries do not have any common pursuits with our Company.

Business Interest

Except as disclosed in "*Our Business*" on page 119, as on the date of this Draft Red Herring Prospectus, the Subsidiaries do not have any business interest in our Company.

Related Business Transactions

Other than the transactions disclosed in the section "*Financial Statements*" on page 179, there are no other related business transactions with our Subsidiaries.

Joint Venture

Our Company has no joint ventures.

Associate

Our Company has no associate company.

Details of guarantees given to third parties by the Promoter Selling Shareholder

The Promoter Selling Shareholder has not provided any guarantees to third parties, except as disclosed in sections "*Capital Structure*" on page 66, and "*Our Promoter and Promoter Group*" on page 173.

Shareholders' agreements and other agreements

Shareholders Agreement dated December 24, 2020 ("SHA") amongst our Company, our Promoters, PIOF, S.S. Pharma LLC ("SS Pharma"), Shore Pharma LLC ("Shore Pharma"), Natco Pharma Limited ("Natco"), Time Cap Pharma Labs Private Limited ("Time Cap"), Lavender Rose, Gangadi Investments Private Limited ("GIPL") and certain individual shareholders of our Company as amended by the waiver cum amendment agreement dated August 5, 2021 ("WCA")

Our Company, our Promoters, PIOF, SS Pharma, Shore Pharma, Natco, Time Cap, Lavender Rose, GIPL and certain individual shareholders of our Company (collectively the "Parties") have entered into the SHA to govern certain inter-se rights and obligations in the Company on December 24, 2020, in furtherance to a share subscription agreement dated December 24, 2020 ("**Lavender Rose SSA**") by way of which certain investments were made in the Company by Lavender Rose. The SHA was executed simultaneously with the Lavender Rose SSA to consolidate the terms of the prior shareholders' agreements, and sets out the inter-se rights and obligations of PIOF, Lavender Rose, GIPL, our Promoters and the other shareholders of our Company in relation to our Company and our Subsidiaries. The SHA also sets out the detailed terms of the preference shares, including the term, rate of dividend, voting rights, and the manner and timing of conversion.

Pursuant to the terms of the SHA, PIOF and Lavender Rose have several rights in relation to our Company and each of our Subsidiaries, including: (i) the right to appoint one director each on our Board and the board of directors of each Subsidiary; (ii) the right to appoint one observer each on our Board and the board of directors of each Subsidiary; (iii) quorum rights in relation to any Board or Shareholders' meeting; (iv) the right to an exit pursuant to a qualified initial public offering, a strategic sale or a third party sale; (v) anti-dilution rights, right of first offer and tag along rights in relation to a proposed issuance or transfer of Equity Shares; and (vi) information and inspection rights in relation to our Company and our Subsidiaries.

Under the terms of the SHA, our Company also requires the prior written consent of PIOF and Lavender Rose in relation to, *inter alia*: (i) changing the composition, powers and functions of any committee; and (ii) any decision involving a reserved matter as set out under the SHA, including for matters such as amendments to charter documents, alteration of share capital, changes in management, etc.

The SHA also provides SS Pharma, Shore Pharma, Natco and Time Cap with the right to appoint an observer on our Board so long as they collectively hold at least 2.75% of the share capital of our Company on a fully diluted basis, and information and inspection rights in relation to our Company and our Subsidiaries.

Further, the SHA provides certain rights to our promoters, including: (i) the right to appoint two directors for so long as our Promoters collectively hold at least 26% of the share capital of our Company on a fully diluted basis; (ii) right of our Individual Promoter to approve all Board or Shareholder matters in the event of the termination of his employment without cause, subject to our Promoters collectively holding at least 10% of the share capital of our Company on a fully diluted basis; (iii) the right to receive an upside amount in case of a sale of Equity Shares by PIOF in an initial public offering; and (iv) right of first offer in relation to proposed sale of Equity Shares by PIOF or Lavender Rose.

The Parties have entered into the WCA. In accordance with the terms of the WCA, certain rights of PIOF and Lavender Rose among others, in relation to nomination of directors to our Board, transfer of securities and restricted transfers between the Parties, as stipulated in the SHA, have been amended. PIOF and Lavender Rose have, *inter alia*, waived their right to (i) nominate an observer on the Board and committees of the Company, (ii) drag along, right of first offer, tag along and the requirement to obtain consent to transfer of shares by the Promoters, specifically and only with respect to: (a) any transfer of equity shares by the Promoters pursuant to the Offer for Sale in the Offer, and (b) the equity shares proposed to be contributed by the Promoters as part of the minimum promoter contribution, (iii) the requirement to obtain consent to any issue of Shares pursuant to conversion of any convertible securities outstanding at the time of filing of the DRHP by the Company in relation to the Offer, and (iv) under the optical frames business clause of the SHA. In accordance with the terms of the WCA, the SHA shall stand automatically terminated, in its entirety, upon receipt of listing and trading approval by the Company pursuant to an IPO, without any further act or deed required on the part of any party.

The WCA will terminate if (i) the initial public offering of the Equity Shares on the Stock Exchanges is not completed on or prior to the six months from the filing of the DRHP or any such other timeline as may be mutually agreed amongst the Promoters, PIOF and Lavender Rose or (ii) if the Company and majority of the Selling Shareholders jointly decide not to undertake the initial public offering. In addition, post listing of the Equity Shares of the Company and subject to receipt of approval of the public shareholders post listing, by way of a special resolution, at the first shareholders meeting held by the Company post-listing of its Equity Shares pursuant to an IPO, (i) PIOF and Lavender Rose shall be entitled to nominate one non-executive Director each on our Board, for so long as PIOF and Lavender Rose continue to hold at least 10% of the share capital of our Company each on a fully diluted basis, (ii) the Promoters shall be entitled to jointly nominate one Director on our Board, so long as the Promoters continue to hold at least 10% of the share capital of our Company jointly on a fully diluted basis and (iii) the Promoters, PIOF and Lavender Rose have the right to make a non-binding recommendation to the Board of the Company for the appointment of one Independent Director each.

Terms of the outstanding Preference Shares

As of the date of this Draft Red Herring Prospectus, there are 15,911,807 outstanding Preference Shares. The terms and conditions of the Preference Shares under the SHA are as follows:

(i) The Preference Shares carry a preferential dividend computed at 0.001% p.a. in cash. For certain series of Preference Shares, if the Board of the Company declares any dividend, each holder of unconverted Preference Shares shall be entitled to receive a non-cumulative preferential dividend equal to the dividend calculated based on the number of Equity Shares to be issued to the investor on conversion of the outstanding Preference Shares.

(ii) The holder of the Preference Shares shall receive, on conversion, up to 79,559,035 Equity Shares.

(iii) The term of all series of Preference Shares is a maximum of nineteen years from the date on which they were respectively allotted and issued. Pursuant to the WCA, conversion of CCPS will be completed prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations. The CCPS will convert to Equity Shares as follows:

Preference shares	Maximum number of resultant Equity Shares*
2,836,421 Series A CCPS	Up to 14,182,105 Equity Shares
8,956,480 Series B CCPS	Up to 44,782,400 Equity Shares
1,721,445 Series B1 CCPS	Up to 8,607,225 Equity Shares
1,676,418 Series B2 CCPS	Up to 8,662,347 Equity Shares
560,896 Series C1 CCPS	Up to 4,479,900 Equity Shares
160,147 Series C2 CCPS	Up to 1,091,915 Equity Shares
Total	**Up to 79,559,035 Equity Shares**

* *The maximum number of Equity Shares that each class of CCPS will convert to, is subject to the terms of conversion, including adjustments, applicable to such class of CCPS under the Shareholders Agreement. The final number of Equity Shares that each class of CCPS will convert into, shall be determined at the time of conversion prior to the filing of the RHP with the RoC. However, the overall number of Equity Shares that all classes of CCPS will convert into, shall be 79,559,035 Equity Shares.*

Key terms of other subsisting material agreements

Key terms of share purchase agreements

Securities purchase agreement dated December 9, 2017 entered into amongst MKCP Direct Investments (Mauritius) IV Limited, MKCP Institutional Investor (Mauritius) III Limited, Vistra ITCL (India) Limited (as the trustee for TVS Shriram Growth Fund IA and Indiaventure Trust – Fund I), Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company ("Securities Purchase Agreement")

Pursuant to the Securities Purchase Agreement, MKCP Direct Investments (Mauritius) IV Limited, MKCP Institutional Investor (Mauritius) III Limited, TVS Shriram Growth Fund IA (through Vistra ITCL (India) Limited) and Indiaventure Trust – Fund I (through Vistra ITCL (India) Limited) sold all securities of the Company held by them, comprising of 122,347 equity shares, 12,000,000 unlisted redeemable preference shares and 42,847,000 non-convertible debentures to Gangadi Investments Private Limited for a total consideration of ₹6.37 billion.

Share purchase agreement dated December 24, 2019 entered into amongst PI Opportunities Fund – I, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company

Pursuant to the share purchase agreement dated December 24, 2019, PI Opportunities Fund - I purchased 21,233 equity shares of our Company, constituting 9.06% of the then share capital on a fully diluted basis, from Gangadi Investments Private Limited for a consideration of ₹ 1.62 billion.

Share purchase agreement dated December 24, 2019 entered into amongst Gangadi Investments Private Limited, S S Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Limited and our Company

Pursuant to the share purchase agreement dated December 24, 2019, SS Pharma LLC purchased 4,012 equity shares of our Company for a consideration of ₹307.98 million, Shore Pharma LLC purchased 1,199 equity shares of our Company for a consideration of ₹92.04 million, Natco Pharma Limited purchased 978 equity shares of our Company for a consideration of ₹75.08 million and Time Cap Pharma Labs Limited purchased 977 equity shares of our Company for a consideration of ₹74.99 million, from Gangadi Investments Private Limited, constituting 3.06% of the then issued, subscribed and fully-paid up share capital of the Company on a fully diluted basis.

Share purchase agreement dated December 24, 2020 entered into amongst Lavender Rose Investment Ltd, Gangadi Madhukar Reddy, Gangadi Investments Private Limited, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited and our Company

Pursuant to the share purchase agreement dated December 24, 2020, Lavender Rose Investment Ltd purchased 108,221 equity shares of our Company, constituting 20.51% of the then share capital on a fully diluted basis as on the closing date, from Gangadi Investments Private Limited for a consideration of ₹ 5.21 billion.

Key terms of share subscription agreements

Share subscription agreement dated February 22, 2019 entered into amongst PI Opportunities Fund – I, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company

Pursuant to the share subscription agreement dated February 22, 2019, PI Opportunities Fund - I subscribed to 100 equity shares and 30,747 Series A CCPS of our Company for a consideration of ₹ 2.04 billion.

Share subscription agreement dated December 24, 2020 entered into amongst Lavender Rose Investment Ltd, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company

Pursuant to the share subscription agreement dated December 24, 2020, Lavender Rose Investment Ltd subscribed to 560,896 Series C1 CCPS of our Company for a consideration of ₹ 777.90 million.

Share subscription agreement dated December 24, 2020 entered into amongst PI Opportunities Fund - I, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company

Pursuant to the share subscription agreement dated December 24, 2020, PI Opportunities Fund - I exercised its pre-emptive rights as per the shareholders' agreement dated February 22, 2019 and subscribed to 160,147 Series C2 CCPS of our Company for a consideration of ₹ 222.10 million.

Other Key Agreements

Inter investor agreement dated January 27, 2021 entered into between Morning Brook Investment Ltd, Zash Traders (together "Debenture Holders"), Vistra ITCL (India) Limited, PI Opportunities Fund – I, Lavender Rose Investment Ltd, Gangadi Madhukar Reddy, Gangadi Investments Private Limited, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited and the Company (together, the "Parties") ("Inter-Investor Agreement") as amended by the waiver cum amendment agreement to the Inter-Investor Agreement, dated August 5, 2021 ("Inter-Investor WCA")

Pursuant to the share subscription agreements and the SHA, the Inter-Investor Agreement was entered into in order for the Debenture Holders to provide consent for the issuance of bonus and subscription shares by our Company, conversion of any convertible shares issued to PI Opportunities Fund – I and Lavender Rose Investment Ltd and amendment of charter documents of our Company, Agilemed and Lone Furrow to incorporate terms of the SHA. Further, the Inter-Investor Agreement states the rights, powers and remedies available to the parties to the agreement in case of an event of default.

Pursuant to the Inter-Investor WCA, PIOF and Lavender Rose have, inter alia, waived their right to first offer and tag along with respect to the encumbered shares held by the Promoters, pledged as security under the debenture documents with effect from August 5, 2021.

The Inter-Investor WCA shall stand terminated if (i) the initial public offering of the Equity Shares on the Stock Exchanges is not completed on or prior to the six months from the filing of the draft red herring prospectus or any such other timeline as may be mutually agreed amongst the Promoters, PIOF and Lavender Rose or (ii) if the Company and majority of the Selling Shareholders jointly decide not to undertake the initial public offering. Further, the Inter-Investor WCA shall stand automatically terminated, in its entirety, upon the listing and trading of Equity Shares of the Company pursuant to an IPO, without any further act or deed required on the part of any party.

User agreement dated March 1, 2019 entered into between Optival and our Company ("User Agreement")

Under the User Agreement, our Company has granted Optival a sub-licensable, non-exclusive right to use the trademark "MEDPLUS" ("**Trademark**") in India and abroad, which is a registered trademark under class 42, for services related to medicinal, pharmaceutical, diagnostic and treatment services, through a number of owned and franchised stores, within India and operating pharmacy stores across India ("**Business**").

This right will subsist as long as the User Agreement is in force. The User Agreement may be terminated by the Company if: (i) Optival is in breach of any of the terms, (ii) despite being capable of rectification, Optival fails to rectify such breach within thirty days of notice served to Optival regarding this, or (iii) at the sole discretion of the Company. On termination of the User Agreement, Optival is to: (i) immediately stop any further use of the Trademarks; (ii) handover to the Company or its duly authorized representative's all dyes, blocks, labels, packaging printed material or the like featuring the Trademark; and (iii) join the Company in an application to have the entry of Optival as a registered user cancelled at the Trademarks Office and to do such acts or sign such papers as required; if Optival fails to comply with the requirements, the Company is given full and irrevocable power of attorney by Optival to do such acts or sign such papers as required on behalf of Optival to effect cancellation.

Our Company and Optival have agreed that Optival shall pay a license fee of 0.15% (and additional taxes) on total sales per month of owned and franchised stores with effect from February 1, 2019, for its usage of the Trademark.

Buyback Agreement dated January 25, 2021 entered into between PI Opportunities Fund – I, Lavender Rose Investment Ltd, Gangadi Madhukar Reddy, Gangadi Investments Private Limited, Agilemed Investments Private Limited and Lone Furrow Investments Private Limited (together, the "Parties") ("Buyback Agreement") as amended by the waiver cum amendment agreement to the Buyback Agreement dated August 5, 2021 ("Buyback WCA")

Pursuant to the Buyback Agreement**,** Gangadi Madhukar Reddy, Gangadi Investments Private Limited, Agilemed Investments Private Limited and Lone Furrow Investments Private Limited have agreed to provide buy-back rights to PIOF and Lavender Rose. In the event that a QIPO, strategic sale or third party sale as mentioned in the SHA is not completed by April 10, 2024, PIOF and Lavender Rose have the right to exercise their buy-back rights.

The Parties have entered into the Buyback WCA. Pursuant to the Buyback WCA, PIOF and Lavender Rose have, *inter alia*, waived their right to exercise the investor buy-back option in case the Company does not complete the exit options of QIPO, strategic sale or third party sale by April 10, 2024, with effect from the date of filing of the draft red herring prospectus. Pursuant to the Buyback WCA, the Buyback Agreement along with the Buyback WCA shall stand automatically terminated, in its entirety, upon listing and trading of the Equity Shares of the Company pursuant to an IPO, without any further act or deed required on the part of any party.

The Buyback WCA will terminate if (i) the initial public offering of the Equity Shares on the Stock Exchanges is not completed on or prior to the six months from the filing of the draft red herring prospectus or red herring prospectus in connection with the IPO or any such other timeline as may be mutually agreed amongst the Promoters, PIOF and Lavender Rose or (ii) if the Company and majority of the Selling Shareholders jointly decide not to undertake the initial public offering.

Letters dated August 6, 2021 acknowledged by Vistra as the debenture trustee for the debenture holders, namely, Morning Brook Investment Ltd and Zash Traders respectively, in relation to Pledged Shares ("Pledge Modification Letters")

Pursuant to the Pledge Modification Letters, in respect of Pledged A Shares (i) the pledge on the portion of Pledge A Shares, which on conversion to Equity Shares, is proposed to be offered for Sale in the Offer by Lone Furrow, will be released prior to the date of filing of the Red Herring Prospectus with the RoC; (ii) the pledge on the remaining Pledge A Shares i.e., the portion of the Pledge A Shares which neither proposed to be offered in the Offer for Sale by Lone Furrow nor contributed to minimum promoters' contribution, will be released on or about the Bid/Offer Closing Date.

Further, pursuant to the Pledge Modification Letter in respect of Pledge B Shares, the pledge on the Pledge B Shares will be released as may be mutually agreed amongst the parties at the time of filing of the Red Herring Prospectus, subject to compliance with the terms of the respective debenture documents, the Pledge Modification Letters and applicable law.

Pursuant to the Pledge Modification Letters, the pledge on the Equity Shares held by the Promoters which will be contributed towards minimum promoters' contribution have been released prior to the Draft Red Herring Prospectus.

As per the debenture documents entered into by Lone Furrow read with the Pledge Modification Letter, prior written consent of the lenders is required to dispose any assets of Lone Furrow, including the shares held by Lone Furrow in the Company.

Agreements with Key Managerial Personnel, Director, or any other employee

Other than as disclosed in "- *Shareholders' agreements and other agreements*", there are no agreements entered into by a Key Managerial Personnel or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

Board of Directors

In terms of the Companies Act and our AoA, our Company is required to have not less than three Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of six Directors including one executive Director and five Non-Executive Directors, including three Non-Executive Independent Directors. Our Board comprises of one woman Director.

The following table sets forth details regarding our Board as of the date of this Draft Red Herring Prospectus:

Sr. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Directorships in other companies
1.	Gangadi Madhukar Reddy ***Designation:*** Managing Director and Chief Executive Officer ***Address:*** Flat No. 2400, Block No. 5B, Lodha Belleza, Kukatpally, Medchalmalkajgiri 500 037, Telangana ***Occupation:*** Business ***Date of birth:*** September 20, 1967 ***Nationality:*** Indian ***Period and term:*** Director since November 30, 2006. Period of five years from August 3, 2021. Not liable to retire by rotation. ***DIN:*** 00098097	53	• Agilemed Investments Private Limited • Gangadi Investments Private Limited; • Hinshitsu Manufacturing Private Limited; • Kalyani Meditimes Private Limited; • Lone Furrow Investments Private Limited; • Madhukar Gangadi Ventures Private Limited; and • Optival Health Solutions Private Limited
2.	Anish Kumar Saraf* ***Designation:*** Non-Executive Director ***Address:*** B-3002, 30th Floor, Raheja Vivarea, Sane Guruji Marg, Jacob Circle, Mumbai 400 011, Maharashtra ***Occupation:*** Service ***Date of birth:*** October 30, 1977 ***Nationality:*** Indian ***Period and term:*** Director since February 6, 2021. Liable to retire by rotation. ***DIN:*** 00322784	43	• Biba Apparels Private Limited; • Imagine Marketing Private Limited; • Kalyan Jewellers India Limited; • PRL Developers Private Limited; • PVR Limited; • R Retail Ventures Private Limited; • Warburg Pincus India Private Limited; • Parksons Packaging Limited; and • Good Host Spaces Private Limited
3.	Atul Gupta^ ***Designation:*** Non-Executive Director ***Address:*** A-1203, Salarpuria Sancity Sarjapur Road, Kaikondrahalli, Opposite Wipro Corporate Office, Bengaluru 560 035 ***Occupation:*** Partner at Premji Invest ***Date of birth:*** October 28, 1971 ***Nationality:*** American ***Period and term:*** Director since February 6, 2021. Liable to retire by rotation.	49	Indian companies: • Amagi Media Labs Private Limited; • Brainbees Solutions Private Limited; • Globalbees Brands Private Limited; • Koye Pharmaceuticals Private Limited; • Lenskart Solutions Private Limited; • Lone Furrow Investments Private Limited; • Merittrac Services Private Limited;

Sr. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Directorships in other companies
	***DIN**:* 06940578		Foreign companies: • Aiquire Inc. USA • Finnov Private Limited; and • Manipal Education Americas LLC;
4.	Murali Sivaraman ***Designation**:* Non-Executive Independent Director ***Address**:* 24th Floor, Tytan, A B Dubhash Marg, Napean Sea Road, Malabar Hill, Mumbai 400 006, Maharashtra ***Occupation**:* Board director ***Date of birth**:* April 21, 1961 ***Nationality**:* Indian ***Period and term**:* Period of five years from June 11, 2021. Not liable to retire by rotation. ***DIN**:* 01461231	60	• Bharat Forge Ltd; • Huhtamaki India Limited; • ICICI Lombard General Insurance Company Limited; and • SVP Philanthropy Foundation
5.	Madhavan Ganesan ***Designation**:* Non-Executive Independent Director ***Address**:* C-2004/2005, Shreeji Heights, Plot-1, Palm Beach Road, Sector 46A, Nerul, Navi Mumbai 400 706, Maharashtra ***Occupation**:* Strategy consultant ***Date of birth**:* September 7, 1964 ***Nationality**:* Indian ***Period and term**:* Period of five years from June 11, 2021. Not liable to retire by rotation. ***DIN**:* 01674529	56	• Optival Health Solutions Private Limited
6.	Hiroo Mirchandani ***Designation**:* Non-Executive Independent Director ***Address**:* Flat D 1601, Ireo Uptown, Sector 66, Near St Xaviers High School, Golf Course Extension Road, Gurgaon 122 001, Haryana ***Occupation**:* Board Director ***Date of birth**:* June 17, 1961 ***Nationality**:* Indian ***Period and term**:* Period of three years from July 5, 2021. Not liable to retire by rotation. ***DIN**:* 06992518	60	• Nilkamal Limited; • Roots Corporation Limited • Tata Teleservices (Maharashtra) Limited; and

* *Nominee of Lavender Rose*

^ *Nominee of PIOF*

Relationship between our Directors

None of our Directors are related to each other or to any Key Managerial Personnel.

Brief Biographies of Directors

Gangadi Madhukar Reddy is the Managing Director and Chief Executive Officer of our Company. He is one of the Promoters of our Company and has been a Director of our Company since incorporation on November 30, 2006. He holds a bachelor's degree in medicine and surgery from the Sri Venkateswara University and a master's degree in business administration from the Wharton School, University of Pennsylvania. In 2015, he was awarded the "Business Person of the Year – Large Scale" at the Sakshi Excellence Awards by Sakshi Media Group.

Anish Kumar Saraf is a Non-Executive Director of our Company. He is a chartered accountant with the Institute of Chartered Accountants of India. He holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He is the managing director of Warburg Pincus India Private Limited and has been in the employment of the company for 15 years.

Atul Gupta is a Non-Executive Director of our Company. He holds a bachelor's degree in technology from the Indian Institute of Technology, Bombay and a master's degree in business administration from the Walter A. Haas School of Business, University of California, Berkeley. He is employed as an investment partner at Prazim Trading and Investment Company Private Limited. He has over 13 years of experience in the investment industry.

Murali Sivaraman is a Non-Executive Independent Director of our Company. He is a cost accountant with the Institute of Cost and Works Accountants of India and a chartered accountant with the Institute of Chartered Accountants of India. He holds a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He was previously associated with Philips Lighting.

Madhavan Ganesan is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in engineering from the Birla Institute of Technology & Science, Pilani and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He was previously associated with Reliance Retail, SPI Technologies, Wipro Limited, Spectramind, Tata Information Systems Limited and Tata Industries Limited. He has over 34 years of experience in various companies in the retail, technology and the industrial sectors.

Hiroo Mirchandani is a Non-Executive Independent Director of our Company. She holds a bachelor's degree in commerce, a master's degree in business administration from the University of Delhi and is a Chevening Gurukul Scholar from the London School of Economics and Political Science. Her business career has primarily been in the healthcare and consumer goods sectors, where she started as a branch manager at Asian Paints Limited, and went on to become a deputy general manager - marketing at Dabur India Limited, and a business unit head at Pfizer Limited.

Confirmations

None of our Directors are, or were a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested in, by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

Except Gangadi Madhukar Reddy who was a director at the time of voluntarily delisting of our Company from the wholesale debt segment of BSE on December 29, 2017, for the reasons set out below. None of our Directors are or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

Name of the company	MedPlus Health Services Limited (erstwhile MedPlus Health Services Private Limited)
Name of the stock exchange(s) on which the company was listed	Wholesale debt segment of BSE
Date of delisting on the stock exchange	December 29, 2017
Whether the delisting was compulsory or voluntary delisting	Voluntary
Reasons for delisting	NCDs issued to foreign companies were transferred to an Indian entity, and therefore listing was no longer required to be in compliance with the Companies Act, 2013 and other applicable laws for the NCDs to not be classified as deposits.

Whether the company has been relisted	No
Date of relisting, in the event the company is relisting	N/A
Name of the stock exchange(s) on which the company was relisted	N/A
Term of directorship (along with relevant dates) in the company	2006 - till date.

Terms of appointment of Directors

1. Remuneration to Executive Directors:

Gangadi Madhukar Reddy

Gangadi Madhukar Reddy has been a Director of our Company since November 30, 2006. He was appointed as our Managing Director and Chief Executive Officer with effect from March 1, 2007 pursuant to resolution passed by our Board on April 20, 2007. He was paid a total remuneration of ₹4 million during Fiscal 2021. The details of remuneration governing his appointment, as approved by the Shareholders in their meeting held on August 5, 2021 are stated below:

Particulars	Remuneration
Total Compensation	₹4.00 million per year
Benefits	• Benefits as determined by the Board of Directors from time to time. • Allowances under all subsisting and future Company policies applicable to Directors and employees of the Company. • Reasonable, ordinary and necessary travel, entertainment and other expenses incurred in the performance of duties of the job.

Our Company and Gangadi Madhukar Reddy have also entered into an employment agreement dated April 5, 2019 and an amendment agreement dated February 5, 2021 ("**Madhukar Employment Agreement**") setting out the terms of his employment. Pursuant to the terms of the agreement, the annual total remuneration payable to Gangadi Madhukar Reddy is ₹4.00 million, which is subject to annual review for merit increases during the term of his employment, and may be increased as determined by the Company, at its sole discretion. The amendment agreement provides that in case of termination of employment by the Company, Gangadi Madhukar Reddy is to receive a one-time severance payment of ₹100 million from the Company.

Further, Gangadi Madhukar Reddy has not been paid any remuneration in Fiscal 2021 by our Subsidiaries, including contingent or deferred compensation for Fiscal 2021.

2. Remuneration to Non-Executive Independent Directors:

Pursuant to the Board resolutions dated June 11, 2021 and July 5, 2021, each Non-Executive Independent Director is entitled to receive sitting fees of ₹0.1 million per meeting for attending meetings of the Board, sitting fees of ₹0.05 million per meeting for attending meetings of committees of the Board, and commission as determined by the Board, which may be based on the performance of our Company and the performance of the Non-Executive Independent Director as determined by the Board, within the limits prescribed under the Companies Act, and the rules made thereunder.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for Anish Kumar Saraf, who is a nominee of Lavender Rose, and Atul Gupta, who is a nominee of PIOF pursuant to the SHA, our Company and our Directors do not have an arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board or as a member of the senior management.

Shareholding of Directors in our Company

As per our AoA, our Directors are not required to hold any qualification shares. For details of shareholding of the Directors in our Company as on the date of filing of this Draft Red Herring Prospectus, see "*Capital Structure - Details of Equity Shares held by our Directors and Key Managerial Personnel*" on page 78.

Shareholding of Directors in our Subsidiaries

Except as disclosed below, as on date of this Draft Red Herring Prospectus, none of our Directors hold any equity shares in our Subsidiaries.

Name of the Director	Name of Subsidiary	Number of equity shares	Percentage Shareholding (%)
Gangadi Madhukar Reddy	Optival Health Solutions Private Limited	1*	Negligible

**Ostensible owner on behalf of our Company*

Appointment of relatives of our Directors to any office or place of profit

None of the relatives of our Directors currently hold any office or place of profit in our Company.

Interest of Directors

Gangadi Madhukar Reddy, our Managing Director and Chief Executive Officer may be regarded as interested to the extent of the remuneration payable to him for services rendered in his role, and to the extent of other reimbursement of expenses payable to him as per the terms of his appointment. Further, Gangadi Madhukar Reddy has entered into lease agreements with our Company and our Material Subsidiary, Optival, dated January 9, 2018, for a period of five years effective from July 1, 2017, for lease of certain premises situated at VII Floor, Taramandal Commercial Complex, Saifabad, Hyderabad - 500 004, from him. Accordingly, he was paid a lease rental of Rs. 2.84 million in the previous financial year.

Further, our Non-Executive Directors, including the Independent Directors, may be regarded as interested to the extent of sitting fees paid to them for attending the meetings of the Board and committees of the Board, commission to the Independent Directors, if any, and to the extent of other reimbursement of expenses payable to them as per their terms of appointment.

Our Managing Director Madhukar Reddy Gangadi is a director of our Corporate Promoters, Lone Furrow and Agilemed**.** He is also a promoter and director of our Group Company, Hinshitsu Manufacturing Private Limited.

Further, our Director, Atul Gupta, is a director of our Corporate Promoter, Lone Furrow.

Our Directors, Gangadi Madhukar Reddy and Atul Gupta may also be deemed to be interested to the extent of any dividend payable to them and/ or their relatives and other distributions in respect of securities held by them and/or their relatives in our Company or in our Subsidiaries, if any. For further details, refer to "*Capital Structure – Details of Equity Shares held by our Directors, Key Managerial Personnel*" on page 78.

S. No.	Name	No. of Equity Shares	No. of employee stock options vested	No. of employee stock options not vested	Percentage of the pre-Offer Equity Share Capital (%)^	Percentage of the post-Offer of Equity Share Capital (%)
Directors						
1.	Gangadi Madhukar Reddy	15,350,400	-	-	47.67	[●]
2.	Atul Gupta	565*	-	-	0.00	[●]
Total		**15,350,965**	**-**	**-**	**47.67**	[●]

^Not assuming dilution pursuant to exercise of vested employee stock options and the conversion of the Preference Shares, which will be undertaken prior to filing of the Red Herring Prospectus with the RoC. For details of the shareholding of the Promoters in the Company, on a fully diluted basis, assuming conversion of the Preference shares and exercise of vested stock options, see " - Details of equity shareholding of the major Shareholders of our Company" on page 77.
**Atul Gupta also holds 4,520 Series B CCPS in the Company*

Further, none of our Directors and/or their relatives currently hold positions in offices of profit in our Company or in our Subsidiaries.

None of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company. Our Director, Gangadi Madhukar Reddy, may be regarded as interested in the promotion or formation of our Company.

None of our Directors are interested in any transaction in acquisition of land, construction of building and supply of machinery etc.

No loans have been availed by our Directors from our Company or Subsidiaries.

None of the Directors are party to any bonus or profit sharing plan of our Company other than the performance linked incentives and employee stock options given to the Directors.

Changes in the Board in the last three years

Name	Date of Appointment/Change/ Cessation	Reason
Gangadi Madhukar Reddy	August 5, 2021	Re-appointment as Managing Director and Chief Executive Officer
Anish Kumar Saraf	August 3, 2021	Re-appointment as a director liable to retire by rotation
Atul Gupta	August 3, 2021	Re-appointment as a director liable to retire by rotation
Hiroo Mirchandani	July 9, 2021	Regularization and change in designation to Non-Executive Independent Director.
Madhavan Ganesan	July 9, 2021	Regularization and change in designation to Non-Executive Independent Director.
Murali Sivaraman	July 9, 2021	Regularization and change in designation to Non-Executive Independent Director.
Himanshu Vishnu Nema	July 5, 2021	Resignation as Director
Cherukupalli Bhaskar Reddy	July 5, 2021	Resignation as Director
Hiroo Mirchandani	July 5, 2021	Appointment as Additional Director (Non-Executive and Independent)
Madhavan Ganesan	June 11, 2021	Appointment as Additional Director (Non-Executive and Independent)
Murali Sivaraman	June 11, 2021	Appointment as Additional Director (Non-Executive and Independent)
Atul Gupta	February 6, 2021	Regularization and change in designation to Non-Executive Director.
Himanshu Vishnu Nema	February 6, 2021	Regularization and change in designation to Non-Executive Director.
Anish Kumar Saraf	February 6, 2021	Regularization and change in designation to Non-Executive Director.
Atul Gupta	February 6, 2021	Appointment as a Non-Executive Additional Director.
Himanshu Vishnu Nema	February 6, 2021	Appointment as a Non-Executive Additional Director.
Anish Kumar Saraf	February 6, 2021	Appointment as a Non-Executive Additional Director.

Borrowing Powers of Board

Pursuant to our Articles of Association, and in accordance with the provisions of the Companies Act and the rules made thereunder, our Board is not authorised to borrow such monies which together with the money already borrowed exceeds the aggregate of the paid-up share capital, free reserves and securities premium of our Company, apart from temporary loans obtained from the company's bankers in the ordinary course of business, only with the consent of the shareholders by a special resolution. The shareholders' resolution passed on July 28, 2014 approved the increase in borrowing limits in excess of paid-up shares capital, free reserves and securities premium up to ₹1 billion.

Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the BSE and NSE. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Murali Sivaraman; *Chairman*

2. Madhavan Ganesan;

3. Hiroo Mirchandani; and

4. Anish Kumar Saraf

The Audit Committee was constituted by a meeting of the Board held on February 11, 2009 and re-constituted by a board resolution dated July 5, 2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act and Regulation 18 of the Listing Regulations. The terms of reference of the Audit Committee include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;

3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;

5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;

   (b) Changes, if any, in accounting policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) Significant adjustments made in the financial statements arising out of audit findings;

   (e) Compliance with listing and other legal requirements relating to financial statements;

   (f) Disclosure of any related party transactions; and

   (g) Modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;

8. Approval or any subsequent modifications of transactions of the Company with related parties;

9. Scrutinising of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluating of internal financial controls and risk management systems;

12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances

13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussing with internal auditors on any significant findings and follow up thereon;

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

19. Reviewing the functioning of the whistle blower mechanism;

20. Approving the appointment of the CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;

22. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law; and

23. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statements of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters/letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the chief internal auditor;

6. Examination of the financial statements and the auditors' report thereon; and

7. Statement of deviations:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and

   (b) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

Risk Management Committee

The members of the Risk Management Committee are:

1. Madhavan Ganesan; *Chairman*

2. Hiroo Mirchandani;

3. Gangadi Madhukar Reddy;

4. Hemanth Kundavaram; and

5. Venu Gopal Siripuram

The Risk Management Committee was constituted by a meeting of the Board held on July 5, 2021. The terms of reference of the Risk Management Committee include the following:

1. To formulate a detailed risk management policy which shall include;

   (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;

(b) Measures for risk mitigation including systems and processes for internal control of identified risks; and

(c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and

6. The appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Committee.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Hiroo Mirchandani; *Chairman*

2. Murali Sivaraman;

3. Anish Kumar Saraf; and

4. Atul Gupta

The Nomination and Remuneration Committee was constituted by a meeting of the Board held on February 11, 2009 (as the Compensation Committee) and was re-constituted by a meeting of the Board held on July 5, 2021. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and Regulation 19 of the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director’s performance;

5. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

6. Analysing, monitoring and reviewing various human resource and compensation matters;

7. Determining the company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

8. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

9. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;

11. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

12. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and

13. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Madhavan Ganesan; *Chairman*

2. Hiroo Mirchandani; and

3. Gangadi Madhukar Reddy

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on July 5, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and Regulation 20 of the Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

1. To resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

2. To review measures taken for effective exercise of voting rights by shareholders;

3. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

4. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company: and

5. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Hiroo Mirchandani; *Chairman*

2. Gangadi Madhukar Reddy; and

3. Madhavan Ganesan

The Corporate Social Responsibility Committee was constituted by a meeting of the Board held on July 5, 2021. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

1. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

2. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;

3. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;

4. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

5. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

6. Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and

7. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

IPO Committee

The members of the IPO Committee are:

1. Anish Saraf;

2. Atul Gupta; and

3. Gangadi Madhukar Reddy

The IPO Committee was constituted by a meeting of the Board held on June 11, 2021.

The IPO Committee is authorised to approve the following in connection to the initial public offering:

1. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the SEBI, the relevant registrar of companies, the RBI, and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;

2. To finalize, settle, approve, adopt and file in consultation with the book running lead managers appointed for the Offer (the "**BRLMs**") where applicable, the draft red herring prospectus, the red herring prospectus and the prospectus in connection with the Offer , the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the Registrar of Companies, Telangana at Hyderabad or any other relevant governmental and statutory authorities or in accordance with applicable laws;

3. To decide along with the Investor Selling Shareholder in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;

4. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, advertising agency, monitoring agency and any other agencies or persons or intermediaries in relation to the Offer, to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs, and to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc.;

5. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap, offer agreement, syndicate

agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the Offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, advertising agency and the monitoring agency stock exchange(s), BRLMs, any selling shareholders in the Offer (the "**Selling Shareholders**") and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

6. To seek, if required, the consent and/or waiver of the lenders of the Company and its subsidiaries, as applicable, customers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

7. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

8. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

9. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

10. To accept and appropriate the proceeds of the Offer in accordance with the applicable laws;

11. To approve code of conduct as may be considered necessary by the IPO Committee or as required under the applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

12. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

13. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;

14. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

15. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

16. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;

17. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

18. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including issue or allotment, terms of the Offer, utilisation of the Offer proceeds and matters incidental thereto as it may deem fit;

19. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Telangana at Hyderabad and the relevant stock exchange(s) where the Equity Shares are to be listed;

20. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;

21. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable laws;

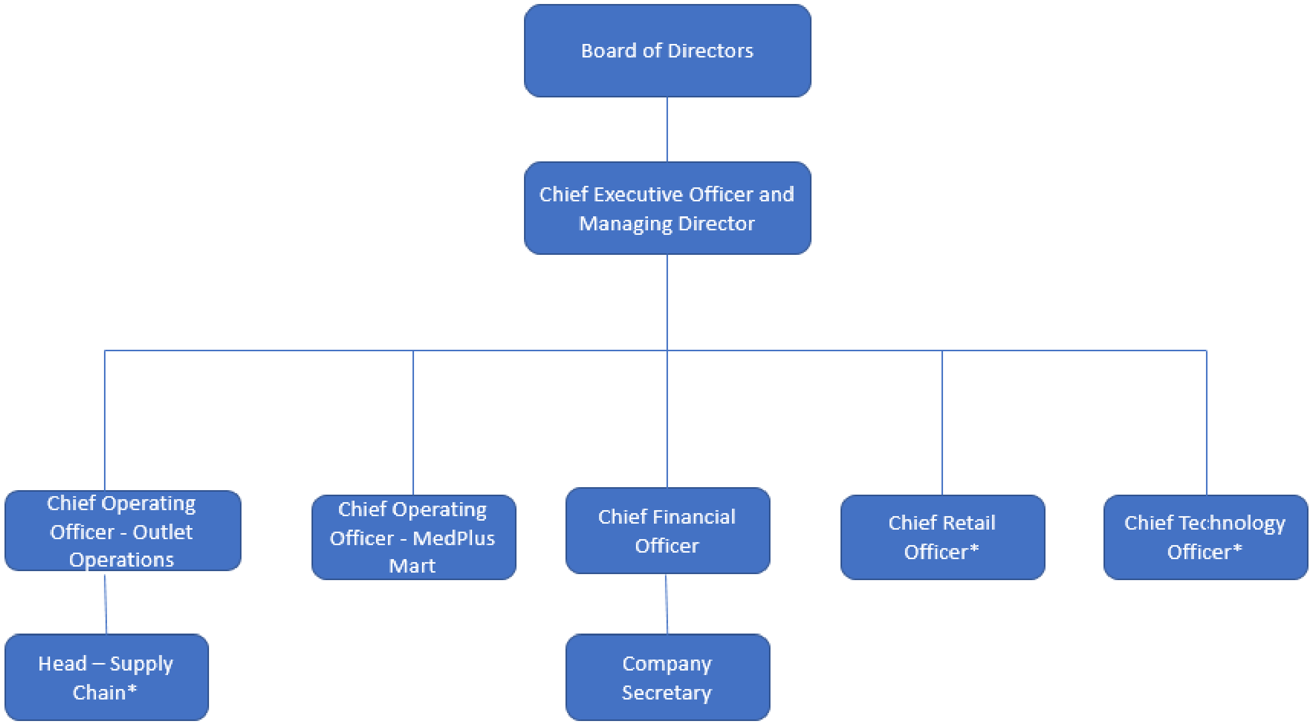
22. Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;

23. Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale and taking all actions as may be authorised in connection therewith;

24. To withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any- stage in accordance with applicable laws and in consultation with the BRLMs; and

25. To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Company.

Management Organisation Chart



** On the Rolls of Optival Health Solutions Private Limited*

Key Managerial Personnel

The details of the Key Managerial Personnel of our Company are as follows:

Gangadi Madhukar Reddy is the Managing Director and Chief Executive Officer of our Company. For further details see "– *Brief Biographies of Directors*" and "*Remuneration to Executive Director*" each on pages 158 and 159.

Cherukupalli Bhaskar Reddy is the chief operating officer – outlet operations of our Company. He holds a bachelor's degree in medicine and surgery from Sri Venkateswara University and a master's degree in surgery from Faculty of Medicine, Kasturba Medical College, Manipal Academy of Higher Education. He was previously a fellow of the Royal College of Surgeons, Edinburgh. He joined our Company on March 1, 2007 as the chief operating officer. He has over 14 years of experience in the pharmaceutical industry. He received a total remuneration of ₹7.78 million in Fiscal 2021.

Surendranath Mantena is the chief operating officer – MedPlus Mart of our Company. He holds a bachelor's degree in medicine and surgery from Faculty of Modern Medicine, University of Health Sciences, Andhra Pradesh, served as a resident in internal medicine at St. John Hospital and Medical Centre, Detroit and has a master's degree in business administration from the University of Illinois, Chicago. He was a resident and fellow of internal medicine in the United States of America for five years. He joined our Company on October 1, 2010 as the chief operating officer of our Company. He received a total remuneration of ₹5.81 million in Fiscal 2021 from the Company.

Hemanth Kundavaram is the CFO of our Company. He holds a bachelor's degree in commerce from Sri Venkateswara University and a master's degree in business administration from the Periyar Institute of Distance Education, Periyar University. He is an associate of the Institute of Chartered Accountants of India. He was previously associated with Dodla Dairy, Cogent Glass Limited, Tintometer India Private Limited, Rockwell Collins (India) Enterprises Pvt. Ltd., Ford Business Services Center Pvt. Ltd., IBM Daksh Business Process Services Pvt. Ltd. and Thomson Corporation (International) Pvt. Ltd., and has over 15 years of experience in corporate finance and accounting in various industries. He was awarded the 'CFO 100' by the 9.9 Group. He joined our Company on January 2, 2021 as the CFO of our Company. He received a total remuneration of ₹2.12 million in Fiscal 2021 from the Company.

Parag Jain is the company secretary and compliance officer of our Company. He holds a bachelor's degree in commerce from the Rashtrasant Tukadoji Maharaj Nagpur University and is admitted as an associate with the Institute of Companies Secretaries of India. He has previously worked with Karvy Computershare Private Limited, NSL Nagapatnam Power and Infratech Private Limited and L&T Metro Rail (Hyderabad) Limited and has 14 years of experience as a company secretary. He joined our Company as the Company Secretary and Compliance Officer on March 10, 2014. He received a total remuneration of ₹1.24 million in Fiscal 2021 from our Company.

The details of the Key Managerial Personnel, of our Company, who are also employees on the rolls of our Material Subsidiary, Optival, are as follows:

Venugopal Siripuram is the chief technology officer of Optival. He holds a bachelor's degree in science and a master's degree in computer applications from the Kakatiya University. He has previously worked with ADP Private Limited and Ivy Comptech Private Limited and has 21 years of experience as a software architect. He joined Optival as the chief technology officer on September 2, 2011. He received a total remuneration of ₹8.65 million in Fiscal 2021 from Optival.

Kandasamy Vairaperumal is the head of supply chain of Optival. He holds a bachelor's degree in engineering from Coimbatore Institute of Technology, Bharatiar University and a post graduate programme in management from the Indian School of Business, Hyderabad. He has previously worked with Wipro Limited and has 15 years of work experience in supply chain management and software engineering. He joined Optival as the head of supply chain on April 20, 2009. He received a total remuneration of ₹6 million in Fiscal 2021 from Optival.

Lakshman Kandarpa is the chief retail officer of Optival. He holds a diploma in hotel management from the National Council for Hotel Management and Catering Technology, New Delhi, a bachelor's degree in business administration from Le Magnus University, a post graduate diploma in business administration from Magnus School of Business, Hyderabad and has completed a certificate programme in strategic retail management from the Indian School of Business. He has previously worked with Wimpy – The Country Club, Arvind Mills Ltd., Arvind Brands Limited, Pantaloon (Retail) India Limited, Trinethra Superretail Private Limited and Aditya Birla Retail Limited and has over 24 years of work experience in operations management. He joined Optival as the chief retail officer on December 10, 2020. He received a total remuneration of ₹6.24 million in Fiscal 2021 from Optival.

Relationship between our Key Managerial Personnel and Directors

None of the Key Managerial Personnel are either related to each other or to our Directors.

Shareholding of Key Managerial Personnel

For details of shareholding of the Key Managerial Personnel of our Company as on the date of filing of this Draft Red Herring Prospectus, see – "*Capital Structure - Details of Equity Shares held by our Directors and Key Managerial Personnel* on page 78.

Bonus or Profit Sharing Plans of the Key Managerial Personnel

None of our Key Managerial Personnel is party to any bonus or profit sharing plan of our Company, other than the performance linked incentives that may be payable to them. In Fiscal 2021, our Company has not granted any benefit on an individual basis to any of our Key Managerial Personnel other than the remuneration paid to them for such period.

Status of Key Managerial Personnel

Except Venugopal Siripuram, Kandasamy Vairaperumal and Lakshman Kandarpa who are permanent employees of our Material Subsidiary, Optival, all the Key Managerial Personnel are permanent employees of our Company.

Interests of Key Managerial Personnel

Our Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, the Equity Shares and other securities of the Company held by them, if any, and reimbursement of expenses incurred by them during the ordinary course of business. Our Key Managerial Personnel, Gangadi Madhukar Reddy Surendranath Mantena, Kandasamy Vairaperumal and Venugopal Siripuram may also be deemed to be interested to the extent of any dividend payable to them and/or their relatives, and other distributions in respect of securities held by them and/or their relatives in our Company or Subsidiaries, if any. Our Key Managerial Personnel, Gangadi Madhukar Reddy and Cherukupalli Bhaskar Reddy are directors of our Corporate Promoters. Gangadi Madhukar Reddy is also a promoter and director of the Group Company, Hinshitsu Manufacturing Private Limited. Our key managerial personnel Gangadi Madhukar Reddy is a shareholder of Optival, as the ostensible owner on behalf of the Company and Cherukupalli Bhaskar Reddy is a shareholder of NSPPL and CPL, as the ostensible owner on behalf of the Company and of VKEPL as the registered owner on behalf of NSPPL. For further details, refer to "*Capital Structure – Details of Equity Shares held by our Directors and Key Managerial Personnel*" on page 78.

S. No.	Name	No. of Equity Shares	No. of employee stock options vested	No. of employee stock options not vested	Percentage of the pre-Offer Equity Share Capital (%)**	Percentage of the post-Offer of Equity Share Capital (%)
1.	Hemanth Kundavaram	-	-	100	-	[●]
2.	Cherukupalli Bhaskar Reddy^	0	-	-	0.00	[●]
3.	Surendranath Mantena#	21,655	-	-	0.07	[●]
4.	Kandasamy Vairaperumal$	3,375	-	-	0.01	[●]
5.	Venugopal Siripuram@	2,250	-	-	0.00	[●]
6.	Lakshman Kandarpa	-	-	400	-	[●]
7.	Parag Jain	-	-	5	-	[●]
Total		**27,280**	**-**	**505**	**0.08**	**[●]**

^ *Cherukupalli Bhaskar Reddy holds 265,400 Series B CCPS in our Company as on the date of filing the Draft Red Herring Prospectus and is entitled to receive 33,175 Equity Shares pursuant to exercise of vested stock options, which are currently held by the MedPlus Employees Benefit Fund, such Equity Shares are yet to be transferred from MedPlus Employees Benefit Fund to Cherukupalli Bhaskar Reddy. For further details, see "Capital Structure – Notes to the Capital Structure – Share Capital History of our Company – Preference Share capital" on page 68.*

$ *Kandasamy Vairaperumal holds 27,000 Series B CCPS in our Company.*

 # Surendranath Mantena holds 173,240 Series B CCPS in our Company.

@ Venugopal Siripuram holds 18,000 Series B CCPS in our Company.

*** Certain shares held by our Key Managerial Personnel are pledged to certain lenders.*

**Not assuming dilution pursuant to exercise of vested employee stock options and the conversion of the Preference Shares, which will be undertaken prior to filing of the Red Herring Prospectus with the RoC. For details of the shareholding of the Promoters in the Company, on a fully diluted basis, assuming conversion of the Preference shares and exercise of vested stock options, see " - Details of equity shareholding of the major Shareholders of our Company" on page 77.*

Our Managing Director, Gangadi Madhukar Reddy, has entered into a lease agreements with our Company and our Material Subsidiary, Optival, dated January 9, 2018, for a period of five years effective from July 1, 2017, for a lease of certain premises situated at VII Floor, Taramandal Commercial Complex, Saifabad, Hyderabad - 500 004, from him. Accordingly, he was paid a lease rental of Rs. 2.84 million in the previous financial year. Further, none of our Key Managerial Personnel and/or their relatives currently hold and may in the future continue to hold positions in offices of profit in our Company or in our Subsidiaries, and in consideration for these services, they are paid remuneration in accordance with the provisions of applicable law. There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as key managerial personnel.

Changes in the Key Managerial Personnel

The changes in the Key Managerial Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Hemanth Kundavaram	CFO	January 2, 2021	Appointment as CFO
Lakshman Kandarpa	Chief Retail Officer	December 10, 2020	Appointment as Chief Retail Officer by Optival

Service Contracts with Directors and Key Managerial Personnel

Pursuant to the Madhukar Employment Amendment Agreement, Gangadi Madhukar Reddy is entitled to receive ₹100 million as a one-time severance payment from the Company, in case of termination of employment by the Company.

Other than disclosed above, no officer of our Company, including our Directors and the Key Managerial Personnel have entered into a service contract including termination/ retirement benefits with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Contingent and deferred compensation payable to our Directors and Key Managerial Personnel

There is no contingent or deferred compensation accrued for Financial Year 2021 and payable to our Directors and Key Managerial Personnel at a later date.

Payment or benefit to Key Managerial Personnel

Except as stated in this section, no non-salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two preceding years or is intended to be paid or given.

Employees Stock Options

For details of the ESOP Plans, see "*Capital Structure*" on page 66.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The Promoters of our Company are:

1. Gangadi Madhukar Reddy;

2. Agilemed Investments Private Limited; and

3. Lone Furrow Investments Private Limited

As on the date of this Draft Red Herring Prospectus, our Promoters cumulatively hold 31,082,570 Equity Shares and 3,397,863 preference shares, constituting 96.52% of the issued, subscribed and paid-up pre-Offer Equity Share capital of our Company (43.01%* of the pre-Offer Equity Share capital on a fully diluted basis). For further details in relation to the shareholding of the Promoters in our Company and build-up of Promoters' shareholding in our Company, see "*Capital Structure*" on page 66.

**Assuming conversion of Preference Shares and exercise of vested stock options. In accordance with the terms of the Preference Shares, assumes one CCPS of face value of ₹20 each is converted into five Equity Shares of face value of ₹2 each. The specific number of Equity Shares that each class of Preference shares shall convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

Individual Promoter

Gangadi Madhukar Reddy

Our Individual Promoter, Gangadi Madhukar Reddy (DIN: 00098097), born on September 20, 1967 and aged 53 years, is the Managing Director and Chief Executive Officer of our Company. He is a resident Indian national. He resides at Flat No. 2400, Block No. 5B, Lodha Belleza, Kukatpally, Hyderabad 500 037, Telangana. He has been a promoter and director of our Company since incorporation. For further details, see "*Our Management*" on page 156.

His permanent account number is AJEPG8481E and his driver's license number is TS20820210003924. His aadhaar card number is 4606 8659 0699.

Other than as disclosed in this section and "*Our Management*" on page 156, Gangadi Madhukar Reddy is not involved in any other venture.

Our Company confirms that the permanent account number, bank account number(s) and passport number of Gangadi Madhukar Reddy, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Corporate Promoters

Agilemed Investments Private Limited

Corporate Information

Agilemed was originally incorporated as 'Ritecure Pharma Private Limited' on March 27, 2008 under the Companies Act, 1956 as a private limited company and was granted the certificate of incorporation by the Registrar of Companies, Andhra Pradesh at Hyderabad. Subsequently, the name of 'Ritecure Pharma Private Limited' was changed to 'Agilemed Pharma Private Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Telangana at Hyderabad on November 28, 2019. The name of 'Agilemed Pharma Private Limited' was changed to 'Agilemed Investments Private Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies, Telangana at Hyderabad on December 9, 2020. The CIN of Agilemed is U67100TG2008PTC058385. The registered office of Agilemed is situated at H. No: 11-6-56, Survey No. 257 & 258/1, Opp: IDPL Railway Siding Road, (Moosapet), Kukatpally, Hyderabad 500 037, Telangana.

The non-convertible debt securities of Agilemed are listed on BSE.

Agilemed is authorised to engage in the business of, *inter alia*, financial consulting and advising.

Agilemed has not changed its activities from the date of its incorporation.

Board of directors

The board of directors of Agilemed comprise the following:

1. Gangadi Madhukar Reddy; and

2. Cherukupalli Bhaskar Reddy

The promoters of Agilemed are Gangadi Madhukar Reddy and Gangadi Investments Private Limited.

Details of Promoter of our Corporate Promoter

Agilemed is controlled by Gangadi Madhukar Reddy and Gangadi Investments Private Limited.

Shareholding pattern

The authorised share capital of Agilemed is ₹30,000,000 divided into 3,000,000 equity shares of face value of ₹10 each and the issued and paid-up share capital of Agilemed is ₹917,370 divided into 91,737 equity shares of face value ₹10 each.

The shareholding pattern of Agilemed is as follows:

Name of the shareholder	Number of equity shares held	Percentage shareholding (%)
Gangadi Investments Private Limited	91,736	100
Cherukupalli Bhaskar Reddy*	1	Negligible
Total	91,737	100

* *Held as a nominee on behalf of Gangadi Investments Private Limited, who is the beneficial owner of such equity share*

Our Company confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where Agilemed is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Board of directors

The board of directors of Gangadi Investments Private Limited comprise the following:

1. Gangadi Madhukar Reddy; and

2. Cherukupalli Bhaskar Reddy

Details of change in control

There has been no change in the control of Agilemed in the last three years preceding the date of this Draft Red Herring Prospectus, except as stated below:

Date of Board Meeting	Transferor	Transferee	Description of Shares	No. of shares transferred	% Shareholding
December 5, 2020	MedPlus Health Services Private Limited	Gangadi Investments Private Limited	Equity	91,737	100

Lone Furrow Investments Private Limited

Corporate Information

Lone Furrow was incorporated on November 7, 2020 under the Companies Act, 2013 as a private limited company. The CIN of Lone Furrow is U67100TG2020PTC145730. The registered office of Lone Furrow is situated at H. No: 11-6-56, Survey No. 257 & 258/1, Opp: IDPL Railway Siding Road, Moosapet, Kukatpally, Hyderabad 500 037, Telangana.

Lone Furrow is authorised to engage in the business of, *inter alia*, financial consulting and advising.

Lone Furrow has not changed its activities from the date of its incorporation.

Board of directors

The board of directors of Lone Furrow comprise the following:

1. Gangadi Madhukar Reddy;
2. Cherukupalli Bhaskar Reddy; and
3. Atul Gupta

The promoters of Lone Furrow are Gangadi Madhukar Reddy and Gangadi Investments Private Limited.

Details of Promoter of our Corporate Promoter

Lone Furrow is controlled by Gangadi Madhukar Reddy and Gangadi Investments Private Limited.

Shareholding pattern

The authorised, issued and paid-up share capital of Lone Furrow is ₹ 100,000 divided into 10,000 equity shares of face value of ₹10 each.

The shareholding pattern of Lone Furrow is as follows:

Name of the shareholder	Number of equity shares held	Percentage shareholding (%)
Gangadi Investments Private Limited	9,999	99.99
Cherukupalli Bhaskar Reddy*	1	0.01
Total	**10,000**	**100**

* *Held as a nominee on behalf of Gangadi Investments Private Limited, who is the beneficial owner of such equity share*

Our Company confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where Lone Furrow is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Board of directors

The board of directors of Gangadi Investments Private Limited comprise the following:

1. Gangadi Madhukar Reddy; and

2. Cherukupalli Bhaskar Reddy

Details of change in control

There has been no change in the control of Lone Furrow in the last three years preceding the date of this Draft Red Herring Prospectus, except as stated below:

Date of Board Meeting	Transferor	Transferee	Description of Shares	No. of shares transferred	% Shareholding
December 5, 2020	Gangadi Madhukar Reddy	Gangadi Investments Private Limited	Equity	9,999	99.99
December 5, 2020	Cherukupalli Bhaskar Reddy *	Gangadi Investments Private Limited	Equity	1	0.01

* *Held as a nominee on behalf of Gangadi Investments Private Limited, who is the beneficial owner of such equity share*

Changes in control

Our Individual Promoter is the original promoter of our Company. Our, Corporate Promoters are not the original promoters of our Company. While our Corporate Promoters have acquired Equity Shares and Preference Shares pursuant to allotments and transfers during this period, such transfers have not resulted in any changes in the effective management and control of our Company during the five years preceding this DRHP. For details in relation to the shareholding of our Promoter and Promoter Group, and changes in the shareholding of our Promoters, including in the five years preceding the date of this Draft Red Herring Prospectus, see "*Capital Structure*" on page 66.

Interests of Promoters

Our Promoters are interested in our Company to the extent: (i) of their shareholding in the Company and dividend payable, if any, and other distributions in respect of the Equity Shares held by them; and (ii) that Gangadi Madhukar Reddy is the Managing Director and the Chief Executive Officer of our Company and the remuneration payable by our Company to him. For details, see "*Capital Structure – History of the Share Capital held by our Promoters*" and "*Our Management – Interest of Directors*" on pages 72 and 160, respectively.

Further, our Promoter Gangadi Madhukar Reddy, is also a director of Agilemed and Lone Furrow and may be regarded as interested to the extent of the remuneration payable to him for services rendered in his role, and to the extent of other reimbursement of expenses payable to him as per the terms of his appointment and holds Equity Shares and CCPS in the Company. He is also a promoter and director of the Group Company, Hinshitsu Manufacturing Private Limited and is interested to that extent in the Group Company.

In the last six months, Agilemed acquired 76,339 Equity Shares of face value ₹10 for a consideration of ₹275,00,00,000 on February 5, 2021 and Lone Furrow acquired 83,278 Equity Shared of face value ₹10 for a consideration of ₹300,00,00,000 on February 5, 2021.

Further, our Corporate Promoter, Lone Furrow Investments Private Limited has pledged 1,676,418 Series B2 CCPS held by it in favour of Zash Traders (through the Zash Debenture Trustee); and our Corporate Promoter, Agilemed Investments Private Limited has pledged 1,721,445 Series B1 CCPS held by it in favour of Morning Brook Investment Ltd (through the Morning Brook Debenture Trustee) as collateral for loan arrangements to which our Corporate Promoters are parties. For further details, please see "*Capital Structure*" on page 66.

Our Promoters have no interest in any property acquired in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters have no interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as disclosed in "*Financial Statements*" on page 179, no sum has been paid or agreed to be paid to any of our Promoters or to the firms or companies in which such Promoters are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by such Promoter(s) or by such firms or Companies in connection with the promotion or formation of our Company.

Payment of benefits to our Promoters or our Promoter Group

Our Promoter, Gangadi Madhukar Reddy has entered into a lease agreements with our Company and our Material Subsidiary, Optival, dated January 9, 2018, for a period of five years effective from July 1, 2017, for a lease of certain premises situated at VII Floor, Taramandal Commercial Complex, Saifabad, Hyderabad - 500 004, from him. Accordingly, he was paid a lease rental of Rs. 2.84 million in the previous financial year. Further, he also receives remuneration from our Company as our Managing Director and Chief Executive Officer. Except for these, no amount or benefit has been paid or given to our Promoters or Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or Promoter Group. For details, see "*Our Management – Interest of Directors*" on page 160.

Material guarantees given by our Promoters to third parties with respect to Equity Shares of our Company

Our Promoters have not given any material guarantees to third parties with respect to the Equity Shares.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Our Promoter Group

Natural persons who are part of the Promoter Group

The following natural persons form part of our Promoter Group as immediate relatives of Gangadi Madhukar Reddy.

Name of relative	Nature of relationship
Renuka Gangadi	Wife
Veera Reddy Gangadi	Father
Suguna Devi Gangadi	Mother
Narsimha Reddy Gangadi	Brother
Koppula Rajitha Reddy	Sister
Varin Nair	Son*
Inder Mohan Aggarwal	Father of spouse
Ranjana Aggarwal	Mother of spouse
Neeraj Aggarwal	Brother of spouse

** Step-son of Gangadi Madhukar Reddy*

Entities forming part of the Promoter Group

Other than the Corporate Promoters, the following entities form part of the Promoter Group:

1. Gangadi Investments Private Limited;
2. Hinshitsu Manufacturing Private Limited; and
3. Madhukar Gangadi Ventures Private Limited

OUR GROUP COMPANIES

Pursuant to a resolution dated August 3, 2021, our Board has noted that in accordance with the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, group companies of our Company shall include (i) the companies (other than the Corporate Promoters and Subsidiaries) with which there were related party transactions as disclosed in the Restated Consolidated Financial Information during any of the last three Fiscals; or (ii) such other companies (other than the Corporate Promoters and Subsidiaries) with which there were related party transactions for the period (after the period in respect of which Restated Consolidated Financial Information are included in the Offer Documents) until the date of filing of the Offer Documents.

Accordingly, in terms of the policy adopted by the Board for identification of group companies, our Board has identified Hinshitsu Manufacturing Private Limited as the Group Company of our Company.

Details of our Group Company

Hinshitsu Manufacturing Private Limited ("HMPL")

The registered office of HMPL is situated at H. No. 11-6-56, Survey No. 257 & 258/1 Opp. IDPL Railway Siding Road (Moosapet), Kukatpally Hyderabad 500 037, Telangana.

The details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the audited financial statements of HMPL for the financial years ended March 31, 2020, 2019 and 2018 in terms of the SEBI ICDR Regulations are available on the website of our Group Company at www.customfurnish.com/static/pdf/corp.pdf.

It is clarified that such details available on our Group Company's website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Group Company's website, https://www.customfurnish.com/, would be doing so at their own risk.

Nature and extent of interest of our Group Company

a. ***In the promotion of our Company***

Our Group Company does not have any interest in the promotion of our Company.

b. ***In the properties acquired by us in the preceding three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company***

Our Group Company is not interested in the properties acquired by us in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus.

c. ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits between our Group Companies and our Company

Our Group Company is not in the same line of business as our Company and our Subsidiaries and there are no common pursuits between our Group Company and our Company and our Subsidiaries.

Related Business Transactions with the Group Company and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Financial Statements*" on page 179, there are no other related business transactions with our Group Company.

Business interest of our Group Company in our Company

Our Group Company manufactures and supplies storage racks, centre racks, counter table and other furniture to our Company.

Litigation

Our Group Company is not party to any pending litigations which will have a material impact on our Company.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares, if any, will be recommended by the Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act read with the rules notified thereunder, each as amended, together with the applicable rules issued thereunder.

The dividend policy of our Company was adopted and approved by our Board in their meeting held on August 3, 2021 ("**Dividend Policy**"). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal factors such as, profitability, free cash flow, growth plans, borrowing capacity, investment opportunities or any other factor which is likely to have a significant impact on the Company, and external factors, such as contractual or statutory restrictions, growth and performance of the economy or any other external factors which may impact the Company's operations.

Our Company has not declared dividends on the Equity Shares during the current Fiscal and the preceding three Fiscals.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
MedPlus Health Services Limited
(Formerly known as MedPlus Health Services Private Limited)
H.No: 11-6-56, Survey No: 257 & 258/1,
Opposite IDPL Railway Siding,
Moosapet, Kukatpally, Balanagar, Hyderabad- 500 037

Dear Sirs,

1) We have examined, the attached Restated Consolidated Financial Information of MedPlus Health Services Limited (Formerly known as MedPlus Health Services Private Limited) (the "Company" or the "Holding Company" or the "Issuer") and its subsidiaries (together referred to as the "Group") comprising the Restated Consolidated Balance Sheet as at 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Cash Flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, and the statement of significant accounting policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 3 August 2021 for the purpose of inclusion in the Draft Red Herring Prospectus ("**DRHP**") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2) The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India **("SEBI")**, the stock exchanges where the equity shares of the Company are proposed to be listed **("Stock Exchanges")** and the Registrar of Companies, Telangana, situated at Hyderabad **("ROC")** in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note [2] of Annexure [V] to the Restated Consolidated Financial Information.

   The responsibility of respective board of directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective board of directors of the Group are also responsible for identifying and ensuring that the Group complies with the Act, the ICDR Regulations and the Guidance Note.

3) We have examined such Restated Consolidated Financial Information taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 30 July 2021, in connection with the proposed IPO of equity shares of the Company;

b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO of equity shares of the Company.

4) These Restated Consolidated Financial Information have been compiled by the management from the audited consolidated financial statements of the Group as at and for the year ended 31 March 2021, 31 March 2020 and 31 March 2019, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (the "consolidated financial statements"), which have been approved by the Board of Directors at their Board meetings held on 3 August 2021, 16 December 2020 and 07 September 2019 respectively.

5) For the purpose of our examination, we have relied on Auditors' reports issued by us dated 3 August 2021, 16 December 2020 and 07 September 2019 on the consolidated financial statements of the Group as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 as referred in paragraph 4 above.

6) As indicated in our audit reports referred in paragraph 5 above, we did not audit the financial statements of ten subsidiaries (including step down subsidiaries) for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 as listed in Annexure A(ii) whose share of total assets, total revenues (including other income), net cash inflows / (outflows) included in the consolidated financial statements, for the relevant years is tabulated below:

(Rs. in million)

Particulars	**As at / for the year ended**		
	31 March 2021	**31 March 2020**	**31 March 2019**
In respect of subsidiaries:			
Total assets	1,607.46	2,040.07	1,033.21
Total revenues	10,370.38	10,682.52	7,483.07
Net cash inflow/ (outflow)	(67.25)	74.67	17.13

These financial statements have been audited by other auditors as mentioned in Annexure A(ii) and whose reports have been furnished to us by the Company's management and our audit opinions for the relevant years on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components for the relevant years, are based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of these matters.

Further, the financial information of these subsidiaries included in these Restated Consolidated Financial Information, is based on such financial statements audited by the other auditors and have been restated by the Management of the Issuer to comply with the basis set out in Note 2.1 (a) to the Restated Consolidated Financial Information. The restatement adjustments made to such financial statements to comply with the basis set out in Note 2.1 (a) to the Restated Consolidated Financial Information, have been audited by us.

7) Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the year ended 31 March 2021;

   b) does not contain any qualifications requiring adjustments. However, those qualifications in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Consolidated Financial Information have been disclosed in Annexure [VI] to the Restated Consolidated Financial Information; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 and 5 above.

9) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION (Continued)

11) Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI, Stock Exchanges and RoC in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

*f*or **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration No: 116231W/ W-100024

Arpan Jain
Partner
Membership No: 125710
ICAI UDIN No.: 21125710AAAABR3534

Place: Hyderabad
Date: August 03, 2021

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION (Continued)

Annexure A

(i) List of Subsidiaries of MedPlus Health Services Private Limited

Name of Entity	Nature of relation
Optival Health Solutions Private Limited	Subsidiary
MHS Pharmaceuticals Private Limited	Subsidiary
Agilemed Pharma Private Limited (formerly known as Ritecure Pharma Private Limited)	Subsidiary (upto December 4, 2020)
Wynclark Pharmaceuticals Private Limited (formerly known as Medsupply Distributors Private Limited)	Subsidiary
Nova Sud Pharmaceuticals Private Limited (formerly known as PanIndia Pharma Distributors Private Limited)	Subsidiary
ClearanceKart Private Limited*	Subsidiary
Sai Sridhar Pharma Private Limited	Step Down Subsidiary
Venkata Krishna Enterprises Private Limited	Step Down Subsidiary
Deccan Medisales Private Limited	Step Down Subsidiary
Shri Banashankari Pharma Private Limited	Step Down Subsidiary
Sidson Pharma Distributors Private Limited	Step Down Subsidiary
Kalyani Meditimes Private Limited	Subsidiary

* The subsidiary company was incorporated on March 9, 2021 under the Companies Act, 2013. The allotment of shares and transfer of consideration was done subsequent to the year end.

(ii) Details of entities for the years not audited by us and name of the other auditor for the respective year

Particulars	Nature of Relation	Year ended	Name of the auditor
MHS Pharmaceuticals Private Limited	Subsidiary	31 March 2021 31 March 2020 31 March 2019	GPHK & Associates
Agilemed Pharma Private Limited (formerly known as Ritecure Pharma Private Limited)	Subsidiary (upto December 4, 2020)		
Wynclark Pharmaceuticals Private Limited (formerly known as Medsupply Distributors Private Limited)	Subsidiary		
Nova Sud Pharmaceuticals Private Limited (formerly known as PanIndia Pharma Distributors Private Limited)	Subsidiary		
Sai Sridhar Pharma Private Limited	Step Down Subsidiary		
Venkata Krishna Enterprises Private Limited	Step Down Subsidiary		
Deccan Medisales Private Limited	Step Down Subsidiary		
Shri Banashankari Pharma Private Limited	Step Down Subsidiary		
Sidson Pharma Distributors Private Limited	Step Down Subsidiary		
Kalyani Meditimes Private Limited	Subsidiary		

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- I
Restated Consolidated Balance Sheet
(All amounts are in Rs. in millions except as otherwise stated)

	Note No. Annexure VII	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	4	871.67	598.06	470.46
Capital work-in-progress	5	55.35	27.75	14.29
Goodwill	6	414.51	414.51	414.51
Other intangible assets	6	38.21	17.78	11.99
Intangible assets under development	6a	-	21.62	-
Right-of-Use asset	7	3,848.73	3,164.23	2,876.86
Financial assets				
Loans	8	-	-	-
Others	9	550.59	473.43	391.83
Deferred tax assets (net)	37	386.07	401.57	498.47
Non-current tax assets	10	119.35	155.51	158.93
Other non-current assets	11	141.34	54.73	52.35
		6,425.82	**5,329.19**	**4,889.69**
CURRENT ASSETS				
Inventories	12	7,499.57	6,435.55	3,940.66
Current investments	13	0.33	2.54	-
Financial assets				
Trade receivables	14	53.67	64.00	87.54
Cash and cash equivalents	15	1,068.16	1,139.16	250.83
Bank balances other than above	16	117.79	267.76	248.24
Others	9	359.64	108.67	87.51
Other current assets	11	131.60	140.09	82.64
		9,230.76	**8,157.77**	**4,697.42**
TOTAL ASSETS		**15,656.58**	**13,486.96**	**9,587.11**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	4.48	1.94	1.94
Other equity	18	7,301.05	5,276.08	2,911.43
Equity attributable to owners of the Company		**7,305.53**	**5,278.02**	**2,913.37**
Non controlling Interest		5.51	13.00	0.16
		7,311.04	**5,291.02**	**2,913.53**
LIABIITIES				
NON CURRENT LIABILITIES				
Financial liabilities				
Borrowings	19	-	-	-
Lease liability	21	4,001.05	3,193.39	2,840.34
Other financial liabilities	20	11.58	14.30	26.02
Deferred tax Liability (net)	37	-	-	0.29
Provisions	22	183.51	177.39	81.50
		4,196.14	**3,385.08**	**2,948.15**
CURRENT LIABILITIES				
Financial liabilities				
Borrowings	19	1,352.35	1,050.51	1,044.02
Trade payables	23			
- total outstanding dues of micro enterprises and small enterprises; and		2.31	14.96	4.25
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,478.67	2,326.55	1,576.97
Lease liability	21	548.74	528.97	401.13
Other financial liabilities	20	373.35	437.21	266.73
Other current liabilities	24	109.45	127.04	109.08
Provisions	22	194.54	171.08	119.86
Deferred revenue	25	82.42	130.24	199.90
Current tax liabilities (net)	26	7.57	24.30	3.50
		4,149.40	**4,810.86**	**3,725.44**
TOTAL LIABILITIES		**8,345.54**	**8,195.94**	**6,673.59**
TOTAL EQUITY AND LIABILITIES		**15,656.58**	**13,486.96**	**9,587.11**
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	V			

Note: The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Financial Information in Annexure V, Statement of Restated Adjustment to Audited Consolidated Financial Information in Annexure VI and Notes to Restated Consolidated Financial Information in Annexure VII.

As per our Report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number 116231W/W-100024

For and on behalf of the Board of Directors of
MedPlus Health Services Limited
(formerly known as MedPlus Health Services Private Limited)
CIN: U85110TG2006PLC051845

Arpan Jain
Partner
Membership Number: 125710

G.Madhukar Reddy
Managing Director
DIN: 00098097

Atul Gupta
Director
DIN: 06940578

Parag Jain
Company Secretary
Membership No: F10498

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date:03 August 2021

Place: Hyderabad
Date: 03 August 2021

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- II
Restated Consolidated Statement of Profit and Loss
(All amounts are in Rs. in millions except as otherwise stated)

Particulars	Note No. Annexure VII	2020-21	2019-20	2018-19
INCOME				
Revenue from operations	27	30,692.69	28,706.03	22,727.37
Other income	28	215.45	172.84	122.03
Total income		**30,908.14**	**28,878.87**	**22,849.40**
EXPENSES				
Cost of goods sold		25,213.88	25,806.68	18,713.73
Cost of materials consumed	29	82.45	38.60	16.93
Increase in inventories of finished goods and work-in-progress	30	(1,054.40)	(2,479.90)	(290.39)
Employee benefits expense	31	3,386.51	2,724.02	2,113.73
Finance costs	33	548.45	467.96	500.03
Depreciation and amortisation expense	32	882.70	748.07	585.93
Net loss on fair value changes	52	-	322.97	-
Other expenses	34	897.57	956.88	981.93
Total expenses		**29,957.16**	**28,585.28**	**22,621.89**
Profit before tax		**950.98**	**293.59**	**227.51**
Tax expenses	37			
- Current tax including taxes relating to earlier years amounting to Rs.(0.05 millions) (31 March 2020: Rs.(23.28) millions, 31 March 2019: Rs.5.12 millions)		306.55	172.84	119.04
- Deferred tax		13.32	102.81	(10.75)
Total tax expenses		**319.87**	**275.65**	**108.29**
Profit for the year		**631.11**	**17.94**	**119.22**
Other Comprehensive Income / (Loss) (OCI)				
Items not to be reclassified to profit or loss:				
Re-measurement loss on employee defined benefit plans		11.51	(30.79)	(21.69)
Income tax effect	37	(2.18)	7.49	7.28
Other comprehensive income for the year, net of tax		**9.33**	**(23.30)**	**(14.41)**
Total comprehensive income for the year		**640.44**	**(5.36)**	**104.81**
Profit for the year attributable to:				
Owners of the Company		638.58	21.80	119.21
Non-controlling interest		(7.47)	(3.86)	0.01
		631.11	**17.94**	**119.22**
Total comprehensive income attributable to:				
Owners of the Company		647.93	(1.50)	104.81
Non-controlling interest		(7.49)	(3.86)	(0.00)
		640.44	**(5.36)**	**104.81**
Earnings per equity share	36			
Basic earnings per share (Rs.)		30.64	1.05	5.76
Diluted earnings per share (Rs.)		29.38	1.01	5.52
Face value per share				
Equity shares		10	10	10
CCPS considered as equity		20	20	20
Summary of significant accounting policies	V			

Note: The above statement should be read with Significant Accounting Policies forming part of the Restated Consolidated Financial Information in Annexure V, Statement of Restated Adjustment to Audited Consolidated Financial Information in Annexure VI and Notes to Restated Consolidated Financial Information in Annexure VII.

As per our Report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number 116231W/W-100024

For and on behalf of the Board of Directors of
MedPlus Health Services Limited
(formerly known as MedPlus Health Services Private Limited)
CIN: U85110TG2006PLC051845

Arpan Jain
Partner
Membership Number: 125710

G.Madhukar Reddy
Managing Director
DIN: 00098097

Atul Gupta
Director
DIN: 06940578

Parag Jain
Company Secretary
Membership No: F10498

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date:03 August 2021

Place: Hyderabad
Date:03 August 2021

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- III
Restated Consolidated Statement of Cash Flows
(All amounts are in Rs. in millions except as otherwise stated)

	2020-21	2019-20	2018-19
(A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	950.98	293.59	227.51
Adjustment for:			
Depreciation of property, plant and equipment	166.82	151.03	133.18
Amortisation of intangible assets	8.13	7.70	6.42
Amortisation on right-of-use Assets	708.47	589.34	446.33
Provision for gratuity and leave benefits	121.76	170.64	73.21
Provision for doubtful debts, deposits and advances	0.36	24.56	8.94
Finance costs	83.11	65.72	141.32
Interest on lease liability	465.34	402.24	338.76
Loss on sale/ discard of fixed assets	0.98	3.22	9.53
Advances/debts written off	0.70	1.54	5.08
Interest income	(77.94)	(85.94)	(35.60)
Employees stock option compensation expenses	399.60	0.76	26.47
Net loss on fair value changes	-	322.97	-
Deferred revenue	(48.29)	(70.89)	41.55
Gain on de-recognition of Right-of-use assets	(23.79)	-	-
Estimated future loss on sales returns	-	-	(1.15)
Liabilities no longer required written back	(30.79)	(28.78)	(18.92)
Operating profit before working capital changes	**2,725.45**	**1,847.70**	**1,402.63**
Movements in working capital:			
(Increase) in inventories	(1,064.02)	(2,494.89)	(308.19)
(Increase) in non-current financial assets	(100.78)	(97.50)	(19.76)
(Increase) in current financial assets	(242.43)	(20.02)	(23.86)
Decrease/(increase) in other assets	6.75	(58.69)	15.39
(Decrease)/increase in current financial liabilities	(911.10)	912.58	470.75
(Decrease)/increase in other current liabilities	(17.13)	47.87	68.87
(Decrease) in provisions	(80.67)	(54.31)	(13.52)
	316.07	**82.74**	**1,592.31**
Income tax paid (net)	(287.16)	(148.63)	(125.47)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**28.91**	**(65.89)**	**1,466.84**
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles including capital work-in-progress and capital advances	(542.58)	(302.11)	(217.56)
Proceeds from sale of property, plant and equipment	2.18	1.31	1.18
Proceeds from sale of investments	2.21	-	-
Acquisition of subsidiary, net of cash and cash equivalents	-	(9.13)	-
Proceeds from/(Investment in) bank deposits (net)	149.97	(19.52)	(13.09)
Interest received	42.73	53.91	36.12
NET CASH USED IN INVESTING ACTIVITIES	**(345.49)**	**(275.54)**	**(193.35)**
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares	-	6.63	-
Proceeds from issue of Compulsorily Convertible Preference Shares	980.00	2,038.37	-
Payment of Lease liabilities	(953.15)	(756.01)	(647.09)
Repayment of long term borrowings	-	-	(80.00)
Proceeds from/(repayments) of short term borrowings	-	(325.00)	40.00
Interest paid	(83.11)	(65.72)	(141.32)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(56.26)**	**898.27**	**(828.41)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(372.84)	556.84	445.08
Cash and cash equivalents at the beginning of the year	88.65	(468.20)	(913.28)
Cash and cash equivalents at the end of the year	**(284.19)**	**88.65**	**(468.20)**

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- III
Restated Consolidated Statement of Cash Flows
(All amounts are in Rs. in millions except as otherwise stated)

Components of cash and cash equivalents			
Cash on hand	57.49	57.05	62.74
Bank deposits with original maturity of less than three months	865.00	878.03	6.20
Balance with banks in current accounts	145.67	204.08	181.89
Total cash and cash equivalents (refer note no.15)	**1,068.16**	**1,139.16**	**250.83**
Less: Cash credit from bank (refer note no.19)	(1,352.35)	(1,050.51)	(719.02)
Cash and cash equivalents for Cash flow statement	**(284.19)**	**88.65**	**(468.20)**
Movement in financial liabilities			
Opening balance			
Opening balance of borrowings other than cash credit facility	-	325.00	365.00
Interest accrued but not due on borrowings	-	0.66	-
Movement			
Cashflows	-	(325.00)	(40.00)
Interest expense	-	1.79	9.68
Interest paid	-	(2.45)	(9.02)
Closing balance			
Closing balance of borrowings other than cash credit facility	-	-	325.00
Interest accrued but not due on borrowings	-	-	0.66

Notes:

i) The above Restated Consolidated Statement of Cash flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows ".

As per our Report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number 116231W/W-100024

Arpan Jain
Partner
Membership Number: 125710

Place: Hyderabad
Date:03 August 2021

For and on behalf of the Board of Directors of
MedPlus Health Services Limited
(formerly known as MedPlus Health Services Private Limited)
CIN: U85110TG2006PLC051845

G.Madhukar Reddy
Managing Director
DIN: 00098097

Atul Gupta
Director
DIN: 06940578

Parag Jain
Company Secretary
Membership No: F10498

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date:03 August 2021

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- IV
Restated Consolidated Statement of Changes in Equity
(All amounts are in Rs. in millions except as otherwise stated)

Particulars	Equity share capital	Other Components of equity							Attributable to Non controlling Interest	Total
			Reserves and surplus							
		Equity component of compound financial instruments (including securities premium on CCPS)	Securities premium	Share based payments reserve	General reserve	Capital reserve	Retained earnings	Total other equity		
As at March 31, 2018	**1.94**	**-**	**2,777.90**	**59.72**	**28.64**	**-**	**166.48**	**3,032.74**	**0.15**	**3,034.83**
Adjustment on account of transition to Ind AS 115 (Refer note no:2.2i)	-	-	-	-	-	-	(3.85)	(3.85)	-	(3.85)
Adjustment on account of transition to Ind AS 116 (Refer note :2.2n)	-	-	-	-	-	-	(382.32)	(382.32)	-	(382.32)
Income tax effect on above	-	-	-	-	-	-	133.58	133.58	-	133.58
Share based payment	-	-	-	26.47	-	-	-	26.47	-	26.47
Profit for the year	-	-	-	-	-	-	119.21	119.21	0.01	119.22
Actuarial loss on post-employment benefit obligations, net of tax expense	-	-	-	-	-	-	(14.41)	(14.41)	(0.00)	(14.41)
As at March 31, 2019	**1.94**	**-**	**2,777.90**	**86.19**	**28.64**	**-**	**18.70**	**2,911.43**	**0.16**	**2,913.53**
Non controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	16.70	16.70
Change in ownership interests in subsidiaries without loss of control	-	-	-	-	-	-	(3.50)	(3.50)	-	(3.50)
Issued during the year *	0.00	-	6.63	-	-	-	-	6.63	-	6.63
Share based payment	-	-	-	0.76	-	-	-	0.76	-	0.76
Issue of Series A Compulsorily Convertible Preference Shares ('CCPS') (refer table below and note 52)	-	2,361.34	-	-	-	-	-	2,361.34	-	2,361.34
Created on account of acquisition of subsidiary during the year	-	-	-	-	-	0.92	-	0.92	-	0.92
Profit/ (loss) for the year	-	-	-	-	-	-	21.80	21.80	(3.86)	17.94
Actuarial loss on post-employment benefit obligations, net of tax benefit	-	-	-	-	-	-	(23.30)	(23.30)	-	(23.30)
As at March 31, 2020	**1.94**	**2,361.34**	**2,784.53**	**86.95**	**28.64**	**0.92**	**13.70**	**5,276.08**	**13.00**	**5,291.02**
Share based payment	-	-	-	399.60	-	-	-	399.60	-	399.60
Utilisation for bonus issue of shares during the year	-	(56.11)	(369.28)	-	-	-	-	(425.39)	-	(425.39)
Bonus issue of (refer table below and note 17(h)):								-		-
- Equity shares	2.54	-	-	-	-	-	-	-	-	2.54
- 0.001% Series A compulsorily convertible preference shares ('CCPS')	-	56.11	-	-	-	-	-	56.11	-	56.11
- 0.001% Series B compulsorily convertible preference shares ('CCPS')	-	239.03	-	-	-	-	-	239.03	-	239.03
- 0.001% Series B1 compulsorily convertible preference shares ('CCPS')	-	61.07	-	-	-	-	-	61.07	-	61.07
- 0.001% Series B2 compulsorily convertible preference shares ('CCPS')	-	66.62	-	-	-	-	-	66.62	-	66.62
Issue of 0.001% Series C1 compulsorily convertible preference shares ('CCPS') (refer table below and note 52)	-	777.90	-	-	-	-	-	777.90	-	777.90
Issue of 0.001% Series C2 compulsorily convertible preference shares ('CCPS') (refer table below and note 52)	-	222.10	-	-	-	-	-	222.10	-	222.10
Less: Share issue expenses	-	(20.00)	-	-	-	-	-	(20.00)	-	(20.00)
Profit/ (loss) for the year	-	-	-	-	-	-	638.58	638.58	(7.47)	631.11
Actuarial loss on post-employment benefit obligations, net of tax benefit	-	-	-	-	-	-	9.35	9.35	(0.02)	9.33
As at March 31, 2021	**4.48**	**3,708.06**	**2,415.25**	**486.55**	**28.64**	**0.92**	**661.63**	**7,301.05**	**5.51**	**7,311.04**

* The amounts are below millions hence the same are not appearing

Note:

1. Refer Note 18 for description of the nature and purpose of each reserve within other equity

2. Equity component of compound financial instruments includes the following:

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- IV
Restated Consolidated Statement of Changes in Equity
(All amounts are in Rs. in millions except as otherwise stated)

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(i) Par value of the instruments issued:			
0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	0.61	-	-
Add: Issued during the year (refer note 52)	-	0.61	-
Add: Bonus shares issued during the year	56.11	-	-
At the end of the year	**56.72**	**0.61**	**-**
0.001% Series B compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Bonus shares issued during the year	239.03	-	-
At the end of the year	**239.03**	**-**	**-**
0.001% Series B1 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Bonus shares issued during the year	61.07	-	-
At the end of the year	**61.07**	**-**	**-**
0.001% Series B2 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Bonus shares issued during the year	66.62	-	-
At the end of the year	**66.62**	**-**	**-**
0.001% Series C1 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Issued during the year (refer note 52)	11.22	-	-
At the end of the year	**11.22**	**-**	**-**
0.001% Series C2 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Issued during the year (refer note 52)	3.20	-	-
At the end of the year	**3.20**	**-**	**-**
(ii) Securities premium on CCPS issued			
Opening balance	2,360.73	-	-
Add: Issue of CCPS (refer note 52)	985.58	2,037.76	-
Less: CCPS issue expenses	(20.00)	-	-
Add: Fair value movement in the value of the CCPS (Refer note 52)	-	322.97	-
Less: Utilisation for bonus issue	(56.11)	-	-
Less: Amount classified as borrowing (being the liability component of the CCPS) Refer Note 52 *	-	-	-
	3,270.20	**2,360.73**	**-**
Amount including in 'Equity component of compound financial instruments' above	**3,708.06**	**2,361.34**	**-**

* The amounts are below millions hence the same are not appearing

As per our Report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number 116231W/W-100024

For and on behalf of the Board of Directors of
MedPlus Health Services Limited
(formerly known as MedPlus Health Services Private Limited)
CIN: U85110TG2006PLC051845

Arpan Jain
Partner
Membership Number: 125710

G.Madhukar Reddy
Managing Director
DIN: 00098097

Atul Gupta
Director
DIN: 06940578

Parag Jain
Company Secretary
Membership No: F10498

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date:03 August 2021

Place: Hyderabad
Date:03 August 2021

1. Corporate information

MedPlus Health Services Limited (the 'Parent Company' or the 'Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Parent Company together with its subsidiaries (collectively termed as "the Group") are primarily engaged in retail trading of medicines and general items, wholesale cash and carry and pathological laboratory testing services. The Company was duly converted to a public limtied company i.e., MedPlus Health Services Limited from a private limited company i.e., MedPlus Health Services Private Limited w.e.f. 28 June 2021 and accordingly the corporate identification number (CIN) was changed to U85110TG2006PLC051845.

The Company was the subsidiary of Gangadi Investments Private Limited untill 05 February 2021.

2. Significant accounting policies

2.1 a. Statement of compliance & Basis of preparation

The Restated Consolidated Balance Sheet of the Group as at 31 March 2021, 31 March 2020 and 31 March 2019 and the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and Restated other consolidated financial information (together referred to as 'Restated Consolidated Financial Information') have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Restated Consolidated Financial Information have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the Restated Consolidated Financial Information except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires change in accounting policy hitherto in use.

The Restated Consolidated Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

- Section 26 of part I of Chapter III of the Act;
- relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; and
- Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI").

The Restated Consolidated Financial Information has been compiled by the Management from the Audited consolidated financial statements for respective years and
- there were no changes in accounting policies during the year of these financial statements, except for the new and amended, IndAs 115 - Revenue recognition and Ind AS-116- 'Leases'- Refer Annexure VI and Note 1;
- there were no material amounts which have been adjusted for in arriving at profit of the respective periods; and
- there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited consolidated financial statements of the Group as at and for the year ended 31 March 2021 and the requirements of the SEBI Regulations.

The group has given adjustments for lease accounting in accordance with Ind AS 116 which came into effect on April 01, 2019 using modified retrospective approach and all the related figures have been reclassified/ regrouped to give effect to the requirements of Ind AS 116, refer Annexure VI - "Statement of Restated Adjustment to Consolidated Ind AS Financial Statements".

The Restated Consolidated Financial Information were approved by the Board of Directors and authorised for issue on 03 August 2021.

b. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees ("INR"), which is also the functional currency of the Group and all values are rounded to the nearest millions (Rs. 000,000), except when otherwise indicated.

(All amounts are in Rs. in millions except as otherwise stated)

2.1 a. Statement of compliance & Basis of preparation (continued)

The Consolidated Financial Statements as at and for the year ended on March 31, 2021 include the financial statements of the following entities:

Name of the subsidiary company	Country of incorporation and operation	Percentage of Ownership as at March 31, 2021	Percentage of Ownership as at March 31, 2020	Percentage of Ownership as at March 31, 2019
Optival Health Solutions Private Limited ('OHSPL')	India	99.99%	99.99%	99.98%
Wynclark Pharmaceuticals Private Limited (formerly known as Medsupply Distributors Private Limited) ('WPPL')	India	100%	100%	100%
MHS Pharmaceuticals Private Limited ('MHS')	India	100%	100%	100%
Agilemed Investment Private Limited (formerly known as Ritecure Pharma Private Limited) ('APPL')	India	0%	100%	100%
Nova Sud Pharmaceuticals Private Limited (formerly known as PanIndia Pharma Distributors Private Limited) ('NPPL')	India	100%	100%	100%
Sai Sridhar Pharma Private Limited ('SSPPL')	India	100%	100%	100%
Venkata Krishna Enterprises Private Limited ('VKEPL')	India	100%	100%	100%
Deccan Medisales Private Limited ('DMPL')	India	100%	100%	100%
Shri Banashankari Pharma Private Limited ('SBPPL')	India	100%	100%	100%
Sidson Pharma Distributors Private Limited ('SPDPL')	India	100%	100%	100%
Kalyani Meditimes Private Limited ('KMT')	India	65.53%	60.52%	0.00%
ClearanceKart Private Limited*	India	-	-	-

*The Company subscribed to 9,999 shares of 10 each of ClearanceKart Private Limited, which was incorporated on 09 March 2021 under the Compnies Act, 2013. The transfer of shares and consideration happened subsequent to the year end 31 March 2021.

2.2 Summary of significant accounting policies

a. Basis of consolidation

Subsidiaries are all entities (including special purpose entities) that are controlled by the Group. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised losses are also eliminated unless the transaction provides evidence of an impairment of transferred asset. Offset (eliminate) the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.2 Summary of significant accounting policies (continued)

b. Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards which would be applicable from April, 01 2021 and for which the impact on the financial statements is required to be disclosed.

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head financial liabilities, duly distinguished as current or non-current
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters
- Specified format for ageing schedule of trade receivable, trade payables, capital work-in-progress and intangible assets under development.
- If the company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under additional regulatory requirment such as compliance with approved scheme of arragements, compliance with number of layers of companies, title deeds of immovebale property held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the consolidated financial statements.

The amendments are extensive and the Compnay will evaluate the same to give effect to them as required by law.

c. Significant accounting, estimates and assumptions

The preparation of these consolidated financial statements is in conformity with the recognition and measurement principles of Ind AS which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities as at the date of the consolidated financial statements.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of those estimates. Changes in estimates are reflected in the consolidated financial statements in the year in which changes are made, if material, their effects are disclosed in the notes to the consolidated financial statements. Information about significant areas of assumptions, estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are:

Impairment of trade receivables

The Group has measured the lifetime expected credit loss by using practical expedients. It has accordingly used a provision matrix derived by using a flow rate model to measure the expected credit losses for trade receivables. Further, need for incremental provisions have been evaluated on a case to case basis where forward looking information on the financial health of a customer is available and in cases where there is an ongoing litigation/dispute.

Useful lives of property, plant and equipment and intangible assets

The Group reviews the useful life of property, plant and equipment and intangible at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent there is reasonable certainty of future taxable income which will be available against the deductible temporary differences, unused tax losses and depreciation carry-forwards.

2.2 Summary of significant accounting policies (continued)

c. Significant accounting, estimates and assumptions

Defined benefit plans

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

Provisions and contingent liabilities

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Group uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirments of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease of the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate the lease, it considers all relavant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Inventories

The Group estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence by applying certain percentages over different age category of such inventories, expected loss rate considering the past trend and future outlook. Inventories are written down to NRV where such NRV is lower than their cost.

2.2 Summary of significant accounting policies (continued)

d. Business combination and goodwill

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the preceding period in the financial statements or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved, and they appear in the standalone financial statements of the Group in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve

e. Current and non current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

f. Foreign currencies

Initial recognition

Transactions in foreign currencies are translated into functional currency of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Conversion

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise.

2.2 Summary of significant accounting policies (continued)

g. Fair Value Measurement

In determining the fair value of its financial instruments, the Group uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

When the fair values of financial assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgements is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

h. Revenue recognition

In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, Revenue from Contracts with Customers, which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard supersedes Ind AS 18, Revenue, Ind AS 11, Construction contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group adopted Ind AS 115 effective as of 1 April 2018. The Group applied the modified retrospective method upon adoption of Ind AS 115 on 1 April 2018. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years. Overall, the application of this standard did not have a material impact on the Group revenue streams.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

However, Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.
The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sales returns

The Group accounts for sales returns accrual by recording refund liability concurrent with the recognition of revenue at the time of a product sale. This liability is based on the Group's estimate of expected sales returns. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience of sales returns.

At the time of recognising the refund liability, the Group also recognises an asset, (i.e., the right to the returned goods) which is included in Other Current assets for the products expected to be returned. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Rendering of Services

Revenue from pathological laboratory services and running of clinics are recognised as and when services are rendered.

Customer Loyalty Programme

Group operates a Flexi Rewards scheme (Customer loyalty programme), which allows customers to accumulate points when they purchase products in the Group's retail stores. These points can be redeemed for purchase of value plus items.

The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognised as revenue when the award credits are redeemed and the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the award credits will be redeemed.

2.2 Summary of significant accounting policies (continued)

h. Revenue recognition (continued)

Display income

Revenue for display of advertisement is accounted on accrual basis in accordance with the provisions of the relevant contacts.

Interest income

Interest income from financial instruments measured either at amortised cost or at fair value through other comprehensive income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the consolidated statement of profit and loss.

Rental Income

Rental income arising from operating leases on building is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature

i. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the income tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

2.2 Summary of significant accounting policies (continued)

i. Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

j. Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognised.

2.2 Summary of significant accounting policies (continued)

j. Property, Plant and Equipment (continued)

Property, plant and equipment held for sale is valued at lower of their carrying amount and net realisable value. Any write-down is recognised in the consolidated statement of profit and loss.

Depreciation

Depreciation on property, plant and equipment other than leasehold improvements is calculated on a straight-line basis using the following rates arrived at based on the useful lives estimated by the management which coincide with the lives prescribed under the schedule II to the Companies Act, 2013, except for depreciation on Leasehold Improvements:

Asset class	Useful lives estimated by the management (years)
Buildings	60
Furniture and fixtures	10
Vehicles	8-10
Office equipment	5
Data Processing Equipment	3-6
Plant and equipment	5-10

Depreciation on leasehold improvements is provided over the lease term or 5 years, whichever is shorter, which is higher than the rates prescribed under the schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k. Intangible assets

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets of the Group represents having finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on these intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2 Summary of significant accounting policies (continued)

m. Leases

A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. April 1, 2019 which provide guidelines for the accounting of the lease contracts entered in the capacity of a lessee and a lessor. For the purpose of preparation of Restated Consolidated Financial Information, the management has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for the year ended March 31, 2019. Hence, in these Restated Consolidated Financial Information, Ind AS 116 has been adopted with effect from April 1, 2018 following modified retrospective method with effect of initially applying this standard as an adjustment to the opening balance of retained earnings on the date of initial application. The weighted average rate applied is 11.5%. The nature and effect of the changes as a result of adoption of Ind AS 116 is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases- Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has elected not to apply the requirements of Ind AS 116 "Leases" to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment.

Company as lessees

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
–– fixed payments, including in-substance fixed payments;
–– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
–– amounts expected to be payable under a residual value guarantee; and
–– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position Short-term leases and leases of low-value assets:
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and buildings that have a lease term of 12 months or less and leases of low-value assets.

Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 to allocate the consideration in the contract.
The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.
The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

2.2 Summary of significant accounting policies (continued)

n. Inventories

Inventories comprise of trading goods and stores and consumables and are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. In case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Cost is determined on first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business reduced by the estimated costs to affect the sale. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

The net realisable value of work-in-progress are determined with reference to the selling prices of related finished goods.

The factors that the Group considers in determining the valuation of inventory includes shelf life and ageing of Inventory. The Group considers these factors and adjust valuation to reflect actual value of inventory.

Raw materials and consumables held for use in the production of finished goods are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their net realisable value.

o. Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, including impairment on inventories, are recognised in the consolidated statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.2 Summary of significant accounting policies (continued)

p. Provisions and contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

q. Retirement and other employee benefits

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises the contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Defined benefit plans

The Group operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end using the projected unit credit method consistent with the advice of qualified actuaries.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income

Other Short term employee benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

2.2 Summary of significant accounting policies (continued)

r. Employee share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, unless its anti-dilutive to Company's earnings in nature.

Shares allotted to Trust:

The Company has created an Employees benefit trust (Trust) for implementation of the schemes that are notified or may be notified from time to time by the Company under the plan, providing share based payment to its employees.

The company allocated shares to Trust at the time of formation of trust. The Company treats trust as its extension and these equity instruments are recognised at cost and deducted from equity.

s. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
i) Debt instruments at amortised cost
ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

2.2 Summary of significant accounting policies (continued)

s. Financial Instruments (continued)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.
Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

2.2 Summary of significant accounting policies (continued)

s. Financial Instruments (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- the rights to receive Cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it valuates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

In case of trade receivables , the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral Held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.2 Summary of significant accounting policies (continued)

s. Financial Instruments (continued)

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'. The balance sheet presentation for various financial instruments are Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Financial liability, Equity and Compound Financial Instruments

The debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Initial recognition and measurement

Financial liabilities:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Equity:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the company's own equity instruments is an equity instrument.

Compound instruments:

Compound financial instruments issued by the Group comprise of compulsorily convertible preference shares that can be converted into equity shares where the number of shares to be issued is fixed and does not vary with change in fair value. When establishing the accounting treatment for these non-derivative instruments, the company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequently the liability is measured as per requirement of Ind AS 109.The equity component of a compound financial instrument is not subsequently measured.

A Cumulative Compulsorily Convertible Preference Shares (CCPS), with an option to holder to convert the instrument into variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss.

However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

2.2 Summary of significant accounting policies (continued)

s. Financial Instruments (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

The Group senior management determines change in the business model as a result of external or internal changes which are significant to the Group operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations.

If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

t. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management

u. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of Parent Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. Equity shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.2 Summary of significant accounting policies (continued)

v. Cash flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of Cash Flows'.

w. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision maker (CODM).The Managing Director is the Group CODM within the meaning of Ind AS 108.

3. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VI
Statement of Adjustments to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)

Part A: Statement of restatement adjustments

Summarised below are the restatement adjustments made to the profit after tax of the Audited Consolidated Financial Statements of the Group for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and their consequential impact on the profit/ (loss) of the Group:

Particulars	Note No.	2020-21	2019-20	2018-19
Net profit after tax as per audited consolidated financial statements		626.66	17.94	209.01
Adjustments				
Material restatement Adjustments:				
(i) Audit qualifications		-	-	-
Total				
(ii) Adjustments due to prior period items / other adjustments				
Adjustments on account of adoption of Ind AS 116	1			
Depreciation		-	-	(446.33)
Finance cost		-	-	(338.76)
Lease expenses		-	-	647.09
Total		**-**	**-**	**(138.00)**
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable				
Deferred tax impact on restatement adjustments	2	-	-	48.22
Net profit after tax as per Restated Consolidated Financial Information		**626.66**	**17.94**	**119.23**

Summarised below are the restatement adjustments made to the equity of the Audited Consolidated Financial Statements of the Group for the years

Particulars	Note No.	2020-21	2019-20	2018-19
Total Equity as per audited consolidated financial statements		7,301.09	5,278.03	3,251.89
Material restatement Adjustments:				
(i) Audit qualifications				
Total				
(ii) Adjustments due to prior period items / other adjustments				
Adjustments on account of adoption of Ind AS 116	1	-	-	(520.32)
Total		**-**	**-**	**(520.32)**
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable				
Deferred tax impact on restatement adjustments	2	-	-	181.80
Total equity as per Restated Consolidated Financial Information		**7,301.09**	**5,278.03**	**2,913.37**

Note : 1 Adjustments on account of adoption of Ind AS 116
Ind AS 116 - "Leases", which is mandatory w.e.f. April 01, 2019, has replaced existing Ind AS 17 - "Leases". The Group has applied the modified retrospective approach on transition w.e.f. April 01, 2019. However for the restatement purpose, modified retrospective approach has been applied w.e.f. April 1, 2018. The effect of implementing the standard is as under :

- Right of use (ROU) asset recognised on April 01, 2018
- Lease liability recognised on April 01, 2018
- Other expenses are lower in March 31, 2019 by Rs. 647.09 million
- Depreciation and amortisation expenses are higher in March 31, 2019 by Rs. 446.33 million
- Finance costs are higher in March 31, 2019 by Rs. 338.76 million.

Note : 2 Deferred tax assets (net):
Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the Restated Consolidated Financial Information.

Note : 3 Material regrouping : None
Appropriate regroupings have been made in the Restated Consolidated Balance Sheet, Restated Consolidated Statement of Profit & Loss and Restated Consolidated Statement of CashFlows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cashflows, in order to bring them in line with the accounting policies and classification as per Ind AS financial information of the Company for the period ended March 31, 2021 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2018, as amended.

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(All amounts are in Rs. in millions except as otherwise stated)

Part B: Reconciliation of total equity as per audited consolidated financial statements with total equity as per Restated Consolidated Financial Information as at March 31, 2019:

The Group has followed the same accounting policy choices (transition options as per Ind AS 116) as adopted on April 01, 2019 for transition to Ind AS 116, while preparing the Restated Consolidated Financial Information for each of the year ended 31 March 2021, 31 March 2020 and 31 March 2019. As specified in the Guidance Note, the equity balance computed under Restated Consolidated Financial Information for the year ended 31 March 2019 and equity balance as per audited consolidated financial statements on 01 April 2019, differs due to restatement adjustments made for the year ended 31 March 2019. Accordingly, following balances as at 31 March 2019 of the Restated Consolidated Financial Information has not been carried forward to opening balance sheet as at April 01, 2019.

Particulars	Right to use asset	Deferred tax asset	Other assets	Lease liability	Retained earnings
Balance as per Restated Consolidated Financial Information as at March 31, 2019	2,876.86	498.47	134.99	3,241.47	18.70
Add: Adjustment on account of transition to Ind AS 116 (including corresponding deferred tax)	(2,876.86)	(181.80)	201.22	(3,241.47)	338.52
Balance as at March 31, 2019 as per Audited Consolidated financial statements for the year ended March 31, 2019	-	316.67	336.21	-	357.22

Part C: Non-adjusting items:
Audit Qualifications in Annexure to Auditors' Report, which do not require any corrective adjustments in the Restated Consolidated Financial Information

In addition to the audit opinion on the consolidated financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government of India under sub-section (11) of Section 143 of Companies Act, 2013 on the standalone financial statements as at and for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 respectively. Certain statements/comments included in the CARO in the standalone financial statements, which do not require any adjustments in the Restated Consolidated Financial Information are reproduced below in respect of the financial statements presented.

(i) Optival Health Solutions Private Limited

For the year ended 31 March 2021:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Orissa Sales Tax Act, 2004	Value Added Tax	6.44	0.73	FY 2012-13 and FY 2013-14	Sales tax Tribunal
Central Sales Tax Act, 1956	Sales Tax	1.25	0.16	FY 2008-09	Assessing Authority, Telangana
Income Tax Act, 1961 *	Income Tax	2.66	-	FY 2011-12	Income Tax Appellate Tribunal, Telangana
Income Tax Act, 1961 *	Income Tax	26.07	-	FY 2012-13	Commissioner of Income Tax (Appeals), Telangana
Income Tax Act, 1961	Income Tax	83.04	-	FY 2016-17	Commissioner of Income Tax (Appeals), Telangana
Karnataka Value Added Tax Act, 2003	Value Added Tax	1.18	-	FY 2014-15, 2015-16 and 2016-17	Deputy Commissioner of Commissioner Taxes, Karnataka
Income Tax Act, 1961	Income Tax	0.30	-	FY 2016-17	Commissioner of Income Tax (Appeals), Telangana

* Pertains to Ritemed Pharma Retail Private Limited (merged with Optival Health Solutions Private Limited w.e.f April 01, 2016)

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VI
Statement of Adjustments to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)
<u>For the year ended 31 March 2020:</u>

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of Statute	Nature of dues	Amount in millions	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Orissa Sales Tax Act, 2004	Value Added Tax	6.44	0.73	FY 2012-13 and FY 2013-14	Sales tax Tribunal
Central Sales Tax Act, 1956	Sales Tax	1.25	0.16	FY 2008-09	Assessing Authority, Telangana
West Bengal VAT Act, 2006	Value Added Tax	357.52	26.79	FY 2014-15	President, West Bengal Sales tax, Appellate & Revisional Board, Kolkata
Income Tax Act, 1961 *	Income Tax	2.66	-	FY 2011-12	Income Tax Appellate Tribunal, Telangana
Income Tax Act, 1961 *	Income Tax	26.07	-	FY 2012-13	Commissioner of Income Tax (Appeals), Telangana
Income Tax Act, 1961	Income Tax	83.04	-	FY 2016-17	Commissioner of Income Tax (Appeals), Telangana

*Pertains to Ritemed Pharma Retail Private Limited (merged with Optival Health Solutions Private Limited w.e.f April 01, 2016)

<u>For the year ended 31 March 2019:</u>

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Orissa Sales Tax Act, 2004	Value Added Tax	6.44	0.73	FY 2012-13 and FY 2013-14	Sales tax Tribunal
CST Act, 1956	Sales Tax	1.25	0.16	FY 2008-09	Telangana Value Added Tax Appellate Tribunal
West Bengal VAT Act, 2006	Value Added Tax	268.59	26.79	FY 2014-15	West Bengal Sales tax Appellate Tribunal & Revisional Board, Kolkata
Income Tax Act, 1961 *	Income Tax	26.07	-	FY 2012-13	Commissioner of Income Tax (Appeals)

*Pertains to Ritemed Pharma Retail Private Limited (merged with Optival Health Solutions Private Limited w.e.f April 01, 2016)

(ii) Sai Sridhar Pharma Private Limited

For the year ended 31 March 2021:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
AP VAT Act, 2005	VAT	0.85	FY 2007-08 to FY 2009-10	Sales tax Appellate Tribunal, Andhra Pradesh

For the year ended 31 March 2020:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
AP VAT Act, 2005	VAT	0.85	FY 2007-08 to FY 2009-10	Sales tax Appellate Tribunal, Andhra Pradesh

For the year ended 31 March 2019:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
AP VAT Act, 2005	VAT	0.85	FY 2007-08 to FY 2009-10	Sales tax Appellate Tribunal, Andhra Pradesh

(iii) Deccan Medisales Private Limited

For the year ended 31 March 2021:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	192.54	FY 2016-17	Commissioner of Income Tax (Appeals)-2, Bengaluru

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VI
Statement of Adjustments to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)
For the year ended 31 March 2020:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	192.54	FY 2016-17	Commissioner of Income Tax (Appeals)-2, Bengaluru

(iv) Sidson Pharma Distributors Private Limited

For the year ended 31 March 2021:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.15	FY 2014-15	Income Tax authority

For the year ended 31 March 2020:

Clause (vii) (b) of CARO 2016 order
According to the information and explanations given to the auditors of the Company and on the basis of there examination of the records of the company, there are no dues of Income-tax, Goods and Service tax, Value Added Tax (VAT), Service Tax, Sales Tax, duty of customs, cess which have not been deposited with appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	0.15	FY 2014-15	Income Tax authority

(v) Kalyani Meditimes Private Limited

For the year ended 31 March 2021:

Clause (vii) (a) of CARO 2016 order
The Company has been regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance fund, Income tax, Sales tax, Value added tax, Goods and Services Tax and other material statutory dues as applicable to it with appropriate authorities during the year and there were no arrears of such dues outstanding for a period of more than six months from the date they became payable as on 31 March 2020, except the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates
Employees State Insurance Act, 1948	ESI	0.04	FY 2018-19 & FY 2019-20
The Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	0.15	FY 2018-19 & FY 2019-20
Professional Tax	Professional Tax	0.06	FY 2018-19 & FY 2019-20

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VI
Statement of Adjustments to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)
For the year ended 31 March 2020:

Clause (vii) (a) of CARO 2016 order
The Company has been regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance fund, Income tax, Sales tax, Value added tax, Goods and Services Tax and other material statutory dues as applicable to it with appropriate authorities during the year and there were no arrears of such dues outstanding for a period of more than six months from the date they became payable as on 31 March 2020, except the following:

Name of the Statute	Nature of dues	Amount in millions	Period to which the amount relates
Employees State Insurance Act, 1948	ESI	0.03	FY 2018-19 & FY 2019-20
The Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	0.10	FY 2018-19 & FY 2019-20
Professional Tax	Professional Tax	0.06	FY 2018-19 & FY 2019-20

As per our Report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number 116231W/W-100024

Arpan Jain
Partner
Membership Number: 125710

Place: Hyderabad
Date:03 August 2021

For and on behalf of the Board of Directors of
MedPlus Health Services Limited
(formerly known as MedPlus Health Services Private Limited)
-

G.Madhukar Reddy
Managing Director
DIN: 00098097

Atul Gupta
Director
DIN: 06940578

Parag Jain
Company Secretary
Membership No: F10498

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date:03 August 2021

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VII
Notes to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)

4. Property, plant and equipment

	Land	Buildings	Plant and equipment	Data processing equipment	Furniture and fixtures	Vehicles	Lease hold improvements	Total
Gross carrying amount								
As at April 1, 2018	**-**	**1.64**	**277.32**	**187.36**	**109.95**	**24.75**	**366.09**	**967.11**
Additions	-	-	57.32	28.29	62.07	4.86	52.40	204.94
Disposals	-	-	(15.18)	(3.61)	(0.05)	(1.93)	(14.95)	(35.72)
As at March 31, 2019	**-**	**1.64**	**319.46**	**212.04**	**171.97**	**27.68**	**403.54**	**1,136.33**
Additions	-	-	93.94	38.02	82.26	14.40	54.54	283.16
Disposals	-	-	(5.70)	-	-	(4.70)	(9.90)	(20.30)
As at March 31, 2020	**-**	**1.64**	**407.70**	**250.06**	**254.23**	**37.38**	**448.18**	**1,399.19**
Additions	79.50	-	112.37	54.02	112.02	7.50	78.08	443.49
Disposals	-	-	(7.88)	(0.53)	(0.01)	(3.21)	(14.67)	(26.30)
As at March 31, 2021	**79.50**	**1.64**	**512.19**	**303.55**	**366.24**	**41.67**	**511.59**	**1,816.38**
Accumulated Depreciation								
As at April 1, 2018	**-**	**0.30**	**136.58**	**129.46**	**28.42**	**10.37**	**257.37**	**562.50**
Charge for the year	-	0.03	37.20	37.83	12.77	2.91	42.44	133.18
Disposals	-	-	(14.34)	(3.60)	(0.01)	(0.82)	(11.04)	(29.81)
As at March 31, 2019	**-**	**0.33**	**159.44**	**163.69**	**41.18**	**12.46**	**288.77**	**665.87**
Charge for the year	-	0.03	45.32	31.57	19.68	7.60	46.83	151.03
Disposals	-	-	(5.20)	-	-	(3.07)	(7.50)	(15.77)
As at March 31, 2020	**-**	**0.36**	**199.56**	**195.26**	**60.86**	**16.99**	**328.10**	**801.13**
Charge for the year	-	0.03	53.27	34.69	27.74	4.38	46.71	166.82
Disposals	-	-	(7.81)	(0.07)	-	(2.00)	(13.36)	(23.24)
As at March 31, 2021	**-**	**0.39**	**245.02**	**229.88**	**88.60**	**19.37**	**361.45**	**944.71**
Net Block								
As at March 31, 2019	**-**	**1.31**	**160.02**	**48.35**	**130.79**	**15.22**	**114.77**	**470.46**
As at March 31, 2020	**-**	**1.28**	**208.14**	**54.80**	**193.37**	**20.39**	**120.08**	**598.06**
As at March 31, 2021	**79.50**	**1.25**	**267.17**	**73.67**	**277.64**	**22.30**	**150.14**	**871.67**

All immovable properties are subject to pari passu charge to secure the Cash Credit loans obtained from banks refer no 19(b).
For details of contractual commitment with respect to property, plant and equipment refer note no. 41(A))

5. Capital work-in-progress

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Gross carrying amount			
Opening Balances	27.75	14.29	8.90
Additions during the year (refer note:43(b))	113.36	67.97	57.76
Capitalised during the year	(85.76)	(54.51)	(52.37)
Closing Balance	**55.35**	**27.75**	**14.29**

(All amounts are in Rs. in millions except as otherwise stated)

6. Goodwill and other Intangible Assets

	Software	Goodwill on consolidation	Goodwill
Gross carrying amount			
As at April 1, 2018	**33.64**	**414.51**	**17.78**
Additions	2.80	-	-
Disposals	(0.14)	-	-
As at March 31, 2019	**36.30**	**414.51**	**17.78**
Additions	3.18	-	-
Additions on acquisition of subsidiary	10.41	-	-
As at March 31, 2020	**49.89**	**414.51**	**17.78**
Additions	28.58	-	-
Disposals	(0.10)	-	-
As at March 31, 2021	**78.37**	**414.51**	**17.78**
Accumulated Depreciation			
As at April 1, 2018	18.03	-	17.78
Charge for the year	6.42	-	-
Disposals	(0.14)	-	-
As at March 31, 2019	**24.31**	**-**	**17.78**
Additions on acquisition of subsidiary	0.10	-	-
Charge for the year	7.70	-	-
As at March 31, 2020	**32.11**	**-**	**17.78**
Charge for the year	8.13	-	-
Disposals	(0.08)	-	-
As at March 31, 2021	**40.16**	**-**	**17.78**
Net Block			
As at March 31, 2019	**11.99**	**414.51**	**-**
As at March 31, 2020	**17.78**	**414.51**	**-**
As at March 31, 2021	**38.21**	**414.51**	**-**

Impairment testing for cash generating unit (CGU) containing goodwill -

The Group has identified each entity as a separate CGU, breakup of entity wise goodwill is mentioned below -

Company's Name	Goodwill
Optival Health Solutions Private Limited	387.54
MHS Pharmaceuticals Private Limited	0.16
Agilemed Investment Private Limited (formerly known as Ritecure Pharma Private Limited)	0.15
Venkata Krishna Enterprises Private Limited	0.71
Deccan Medisales Private Limited	3.07
Shri Banashankari Pharma Private Limited	1.26
Sidson Pharma Distributors Private Limited	20.55
Kalyani Meditimes Private Limited	1.07
Total	**414.51**

The Group has determined that goodwill on account of acquisition of subsidiaries has indefinite useful life. The recoverable amount has been determined based on a value in use model. Value-in-use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value. Key assumptions upon which the Group has based its determinations of value-in-use include:

(All amounts are in Rs. in millions except as otherwise stated)

6. Goodwill and other Intangible Assets (Continued)

a. Estimated cash flows for five years, based on management's projections
b. A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using a constant long-term growth rate of 5% (previous years: 3%). This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
c. The after tax discount rates used are based on the Company's weighted average cost of capital.
d. The discount rates used for discounting free cash flows and terminal value is 12.02% (post-tax discount rate).
e. Annual growth rate considered for 5 years (average) is 15.50% (previous years: 22.80%)
F. Budgeted EBIDTA growth rate considered is 11.4% (previous years: 10%)

Weighted Average Cost of Capital % (WACC) = Risk free return + (Market premium x Beta for the company). The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amounts. Accordingly, no impairment charges were recognised for FY 2020-21, 2019-20 and 2018-19.

6a.Intangible assets under development

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Gross Carrying amount			
Opening Balances	**21.62**	**-**	**0.37**
Additions on acquisition of subsidiary	-	16.92	-
Additions during the year	3.02	4.70	-
Capitalised during the year	(24.64)	-	(0.37)
Closing Balance	**-**	**21.62**	**-**

Intangible assets under development comprises of expenditure for the software development. Total amount of Intangible assets under development is Rs. Nil (March 31, 2020: Rs.21.62 millions, March 31, 2019: Nil)

(All amounts are in Rs. in millions except as otherwise stated)

7 Right-of-use assets	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Right-of-use assets (Refer note:40)	3,848.73	3,164.23	2,876.86
	3,848.73	**3,164.23**	**2,876.86**

8 Loans	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Non-current			
Unsecured, doubtful			
Loans to others*	26.00	26.00	26.00
Less: Provision for doubtful balances	(26.00)	(26.00)	(26.00)
	-	**-**	**-**

* Represents loan given to a party.

9 Other financial assets		**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Non-current				
Unsecured, considered good				
Security deposits		550.12	473.05	391.45
Bank Deposits with remaining maturity for more than 12 months*		0.47	0.38	0.38
	(A)	**550.59**	**473.43**	**391.83**
Doubtful				
Advance to employees		0.57	0.84	1.04
Security deposits		13.21	14.87	14.21
		13.78	**15.71**	**15.25**
Less: Provision for doubtful advances and deposits		(13.78)	(15.71)	(15.25)
	(B)	-	-	-
Total non-current	**(A+B)**	**550.59**	**473.43**	**391.83**
Current				
Unsecured, considered good				
Discount receivable from suppliers		46.40	98.27	81.53
Bank Deposits with remaining maturity of less than 12 months		305.04	-	-
Advance to employees		1.74	2.52	1.42
Interest accrued on bank deposits		6.46	7.73	4.56
Interest accrued on others		-	0.15	-
Total current		**359.64**	**108.67**	**87.51**

*Deposits are pledged with Tax authorities.

10 Non-current tax asset	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Unsecured, considered good			
Advance Tax (Net of provision Rs. 184.91 millions (March 31, 2020: Rs. 286.78 millions, March 31, 2019: Rs. 304.96 millions))	119.35	155.51	158.93
	119.35	**155.51**	**158.93**

(All amounts are in Rs. in millions except as otherwise stated)

11 Other assets		**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Non-current				
Unsecured, Considered Good				
Balances with statutory/ government authorities		20.15	29.12	29.12
VAT Receivable		11.05	11.06	11.06
Capital advances		99.43	13.86	11.22
Other advances		10.71	0.69	0.95
	(A)	**141.34**	**54.73**	**52.35**
Doubtful				
Balances with statutory/ government authorities		1.22	1.22	1.33
		1.22	**1.22**	**1.33**
Less: Provision for doubtful balances		(1.22)	(1.22)	(1.33)
	(B)	-	-	-
Total non-current	**(A+B)**	**141.34**	**54.73**	**52.35**
Current				
GST Receivable		0.79	33.54	25.40
VAT Receivable		-	0.04	0.28
Other advances recoverable		78.79	80.69	45.87
Balances with statutory/ government authorities		29.18	0.16	0.06
Prepaid expenses		22.84	25.66	11.03
		131.60	**140.09**	**82.64**
Doubtful				
GST Receivable		0.68	0.68	0.69
VAT Receivable		0.48	0.33	0.14
		1.16	**1.01**	**0.83**
Provision for doubtful balances		(1.16)	(1.01)	(0.83)
		-	-	-
Total current		**131.60**	**140.09**	**82.64**

12 Inventories	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
(Values at lower of cost and net realisable value)			
Traded goods	7,377.77	6,325.92	3,856.06
Raw materials	17.18	16.90	8.52
Packing material	4.54	2.61	2.84
Finished goods	19.42	18.04	8.69
Work-in-progress	2.37	1.20	0.51
Stores and spares	78.29	70.88	64.04
	7,499.57	**6,435.55**	**3,940.66**

During the year ended 31 March 31, 2021, the Group recorded inventory write-down to net realisable value of Rs.117.02 millions (March 31, 2020: Rs. 82.15 millions, March 31, 2019 Rs. 108.15 millions) in the consolidated statement of profit and loss account under cost of goods sold.

As on March 31, 2021 the Inventories includes contract asset of Rs.24.95 millions (March 31, 2020: Rs 25.64 millions, March 31, 2019: Rs 32.81 millions) representing the right to the returned goods.

All the traded goods are subject to a pari passu charge to banks to obtain the cash credit facility (Refer Note: 19(b))

(All amounts are in Rs. in millions except as otherwise stated)

13 Current investments	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Investment in Gold and silver	0.33	2.54	-
	0.33	**2.54**	**-**

14 Trade receivables	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Non-Current			
Trade receivables - credit impaired	1.34	6.39	7.23
Receivable from Others	**1.34**	**6.39**	**7.23**
Less: Impairment Allowance (allowance for bad and doubtful debts)	(1.34)	(6.39)	(7.23)
	-	-	-
Current			
Trade receivables considered good - unsecured	53.67	64.00	87.54
Trade receivables - credit impaired	19.39	21.08	-
	73.06	**85.08**	**87.54**
Less: Impairment Allowance (allowance for bad and doubtful debts)	(19.39)	(21.08)	-
	53.67	**64.00**	**87.54**

There are no trade or other receivables due from directors or other officers of the company either severally or jointly with any other person or dues from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

15 Cash and cash equivalents	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Cash on hand	57.49	57.05	62.74
Balances with banks			
- On current accounts	145.67	204.08	181.89
- Bank deposits with original maturity of less than three months (refer notes 52)	865.00	878.03	6.20
	1,068.16	**1,139.16**	**250.83**

16 Bank balances other than above	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Other bank balances			
Bank deposits with remaining maturity less than 12 months *	117.79	267.76	248.24
	117.79	**267.76**	**248.24**

*Deposits are charged to Banks for obtaining cash credit facility (Refer Note: 19(b))

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VII
Notes to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)

17. Share capital	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Equity shares			
Authorised shares (No's)			
(i) Equity shares of Rs. 10/- each			
As at beginning of the year (215,000 (March 31, 2020: 215,000, March 31, 2019: 215,000) equity shares)	2.15	2.15	2.15
Increase during the year (250,000 (March 31, 2020: Nil, 31 March 2019: Nil) equity shares)	2.50	-	-
As at end of the year (465,000 (March 31, 2020: 215,000, 31 March 2019: 215,000) equity shares)	4.65	2.15	2.15
(ii) Preference shares of Rs.20/- each			
As at beginning of the year (6,117,500 (March 31, 2020: 6,117,500) (March 31, 2019: 12,235,000 of Rs.10/- each) preference shares)	122.35	122.35	122.35
Increase during the year (15,832,500 (March 31, 2020: Nil, March 31, 2019: Nil) preference shares)	316.65	-	-
6,117,500 (March 31, 2020: 6,117,500, March 31, 2019: 6,117,500) preference shares of Rs.20/- each	439.00	122.35	122.35
Total Authorised share capital	443.65	124.50	124.50
Equity shares			
Issued, subscribed and fully paid up shares (No's)			
(i) Equity shares			
458,409 (March 31, 2020: 203,735, March 31, 2019: 203,635) equity shares of Rs.10/- each	4.58	2.04	2.04
Less: amount recoverable from Medplus Employees Benefit Trust ('ESOP Trust') 21,764 (March 31, 2020: 9,673, March 31, 2019: 9,673) equity shares of Rs.10/- each , allotted to MedPlus Employees Benefit Trust (refer note no. 39)]	(0.10)	(0.10)	(0.10)
	4.48	1.94	1.94
(ii) Compulsorily Convertible Preference Shares ('CCPS')			
Series A			
2,836,421 (March 31, 2020: 30,747, March 31, 2019: Nil) 0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each (refer Note 52 and 17(h))	56.11	0.61	-
Less: CCPS included under equity component of compound financial instrument (Refer Note 52)	(56.11)	(0.61)	-
	-	-	-
Series B			
11,951,680 (March 31, 2020: Nil, March 31, 2019: Nil) 0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each (refer Note 52 and 17(h))	239.03	-	-
Less: CCPS included under equity component of compound financial instrument (Refer Note 52)	(239.03)	-	-
	-	-	-
Series B1			
3,053,560 (March 31, 2020: Nil, March 31, 2019: Nil) 0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each (refer Note 52 and 17(h))	61.07	-	-
Less: CCPS included under equity component of compound financial instrument (Refer Note 52)	(61.07)	-	-
	-	-	-
Series B2			
3,331,120 (March 31, 2020: Nil, March 31, 2019: Nil) 0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each (refer Note 52 and 17(h))	66.62	-	-
Less: CCPS included under equity component of compound financial instrument (Refer Note 52)	(66.62)	-	-
	-	-	-
Series C1			
560,896 (March 31, 2020: Nil, March 31, 2019: Nil) 0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each (refer Note 52 and 17(h))	11.22	-	-
Less: CCPS included under equity component of compound financial instrument (Refer Note 52)	(11.22)	-	-
	-	-	-
Series C2			
160,147 (March 31, 2020: Nil, March 31, 2019: Nil) 0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each (refer Note 52 and 17(h))	3.20	-	-
Less: CCPS included under equity component of compound financial instrument (Refer Note 52)	(3.20)	-	-
	-	-	-
Total issued, subscribed and fully paid up share capital	4.48	1.94	1.94

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

i) Equity shares	**As at March 31, 2021**		**As at March 31, 2020**		**As at March 31, 2019**	
	No. of shares	**Rs.**	**No. of shares**	**Rs.**	**No. of shares**	**Rs.**
At the beginning of the year	203,735	2.04	203,635	2.04	203,635	2.04
Issued during the year (Refer Note 52)	-	-	100	0.00	-	-
Bonus Shares issued during the year (refer Note 17(h))	254,674	2.54				
Outstanding at the end of the year	458,409	4.58	203,735	2.04	203,635	2.04

ii) 0.001% Series A compulsorily convertible preference shares

	As at March 31, 2021		**As at March 31, 2020**		**As at March 31, 2019**	
	No. of shares	**Rs.**	**No. of shares**	**Rs.**	**No. of shares**	**Rs.**
At the beginning of the year	-	-	-	-	-	-
Issued during the year (Refer Note 52)	-	-	30,747	0.61	-	-
Bonus Shares issued during the year (refer Note 17(h))	2,805,674	56.11	-	-		
CCPS included under equity component of compound financial instruments (Refer Note 52)	(2,805,674)	(56.11)	(30,747)	(0.61)	-	-
Outstanding at the end of the year	-	-	-	-	-	-

(All amounts are in Rs. in millions except as otherwise stated)

17. Share capital (continued)

iii) 0.001% Series B compulsorily convertible preference shares

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	-	-	-	-	-	-
Bonus Shares issued during the year (refer Note 17(h))	11,951,680	239.03	-	-	-	-
CCPS included under equity component of compound financial instruments (Refer Note 52)	(11,951,680)	(239.03)	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-

iv) 0.001% Series B1 compulsorily convertible preference shares

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	-	-	-	-	-	-
Bonus Shares issued during the year (refer Note 17(h))	3,053,560	61.07	-	-	-	-
CCPS included under equity component of compound financial instruments (Refer Note 52)	(3,053,560)	(61.07)	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-

v) 0.001% Series B2 compulsorily convertible preference shares

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	-	-	-	-	-	-
Bonus Shares issued during the year (refer Note 17(h))	3,331,120	66.62	-	-	-	-
CCPS included under equity component of compound financial instruments (Refer Note 52)	(3,331,120)	(66.62)	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-

vi) 0.001% Series C1 compulsorily convertible preference shares

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	-	-	-	-	-	-
Issued during the year (Refer Note 52)	560,896	11.22	-	-	-	-
CCPS included under equity component of compound financial instruments (Refer Note 52)	(560,896)	(11.22)	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-

vii) 0.001% Series C2 compulsorily convertible preference shares

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares	Rs.	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	-	-	-	-	-	-
Issued during the year (Refer Note 52)	160,147	3.20	-	-	-	-
CCPS included under equity component of compound financial instruments (Refer Note 52)	(160,147)	(3.20)	-	-	-	-
Outstanding at the end of the year	-	-	-	-	-	-

(b)Terms/ rights attached to equity shares

(i) Equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders (also refer note 52).

ii) 0.001% Series A compulsorily convertible preference shares

The Company has issued 0.001% Series A compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share. The CCPS carries preference as to dividend over equity share holders. If dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward to the next year. The preference share holders are entitled to one vote per share at meetings of the company on any resolutions of the company directly affecting their rights on fully convertible basis. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares (also refer note 52).

iii) 0.001% Series B compulsorily convertible preference shares

The Company has issued 0.001% Series B compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share. The CCPS carries preference as to dividend over equity share holders. If dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward to the next year. The preference share holders are entitled to one vote per share at meetings of the company on any resolutions of the company directly affecting their rights on fully convertible basis (also refer note 52).

iv) 0.001% Series B1 compulsorily convertible preference shares

The Company has issued 0.001% Series B1 compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share. The CCPS carries preference as to dividend over equity share holders. If dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward to the next year. The preference share holders are entitled to one vote per share at meetings of the company on any resolutions of the company directly affecting their rights on fully convertible basis (also refer note 52).

v) 0.001% Series B2 compulsorily convertible preference shares

The Company has issued 0.001% Series B2 compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share. The CCPS carries preference as to dividend over equity share holders. If dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward to the next year. The preference share holders are entitled to one vote per share at meetings of the company on any resolutions of the company directly affecting their rights on fully convertible basis (also refer note 52).

vi) 0.001% Series C1 compulsorily convertible preference shares

The Company has issued 0.001% Series C1 compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share. The CCPS carries preference as to dividend over equity share holders. If dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward to the next year. The preference share holders are entitled to one vote per share at meetings of the company on any resolutions of the company directly affecting their rights on fully convertible basis. In the event of liquidation, preference shareholders have a preferential right in accordance with the terms of the agreement (also refer note 52).

(All amounts are in Rs. in millions except as otherwise stated)

17. Share capital (continued)

vii) 0.001% Series C2 compulsorily convertible preference shares

The Company has issued 0.001% Series C2 compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share. The CCPS carries preference as to dividend over equity share holders. If dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward to the next year. The preference share holders are entitled to one vote per share at meetings of the company on any resolutions of the company directly affecting their rights on fully convertible basis. In the event of liquidation, preference shareholders have a preferential right in accordance with the terms of the agreement (also refer note 52).

(c) Terms of conversion of preference shares

i) 0.001% Series A compulsorily convertible preference shares

0.001% Series A Compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share which shall be entitled to be converted into equity shares at the earliest of the following events in the manner stipulated under Articles of association ('AOA'):

a. upon filing of the Draft Red Herring Prospectus with SEBI in connection with the Initial Public Offer ('IPO') and

b. exercise of option by the CCPS shareholder in respect of either the full or part of the CCPS , not later than maturity date i.e., 19 years from the issue date.

ii) 0.001% Series B compulsorily convertible preference shares

0.001% Series B Compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share which shall be entitled to be converted into equity shares at the earliest of the following events in the manner stipulated under Articles of association ('AOA'):

a. upon filing of the Red Herring Prospectus with SEBI in connection with the IPO and

b. exercise of option by the CCPS shareholder in respect of either the full or part of the CCPS, not later than maturity date i.e., 19 years from the issue and allotment date.

iii) 0.001% Series B1 compulsorily convertible preference shares

0.001% Series B1 Compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share which shall be entitled to be converted into equity shares at the earliest of the following events in the manner stipulated under Articles of association ('AOA'):

a. upon occurence of the B1 Measurement Event i.e., (i) one day prior to filing of the Red Herring Prospectus ('RHP') for an IPO or Qualified IPO as defined in the agreement or (ii) Transfer of all New Investor 3 Specific Shares pursuant to (a) a Third Party Sale, (b) a Strategic Sale or (c) any other sale of all of the New Investor 3 Specific Shares, which, in case of (ii) above, would be deemed to be Transferred last, i.e., after Transfer of all other Shares in the Company held by the New Investor 3; and

b. B1 CCPS that have not been converted into Equity Shares as per option above, shall compulsorily convert into Equity Shares on the Maturity Date i.e.,19 years from the issue and allotment date.

iv) 0.001% Series B2 compulsorily convertible preference shares

0.001% Series B2 Compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share which shall be entitled to be converted into equity shares at the earliest of the following events in the manner stipulated under Articles of association ('AOA'):

a. upon occurence of the B2 Measurement Event i.e., (i) one day prior to filing of the Red Herring Prospectus ('RHP') for an IPO or Qualified IPO as defined in the agreement or (ii) Transfer of all the Subscription Shares 2 pursuant to (a) a Third Party Sale, (b) a Strategic Sale or (c) any other sale of all of the Subscription Shares 2 Shares, which, in case of (ii) above, would be deemed to be Transferred last, i.e., after Transfer of all other Shares in the Company held by the Investor; and

b. B2 CCPS that have not been converted into Equity Shares as per option above, shall compulsorily convert into Equity Shares on the Maturity Date i.e.,19 years from the issue and allotment date.

v) 0.001% Series C1 compulsorily convertible preference shares

0.001% Series C1 Compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share which shall be entitled to be converted into equity shares at the earliest of the following events in the manner stipulated under Articles of association ('AOA'):

a. upon occurence of the New Investor 3 Measurement Event i.e.,(i) one day prior to filing of the Red Herring Prospectus ('RHP') for an IPO or Qualified IPO as defined in the agreement or (ii) Transfer of all New Investor 3 Specific Shares pursuant to (a) a Third Party Sale, (b) a Strategic Sale or (c) any other sale of all of the New Investor 3 Specific Shares, which, in case of (ii) above, would be deemed to be Transferred last, i.e., after Transfer of all other Shares in the Company held by the New Investor 3; and

b. exercise of option by the CCPS shareholder in respect of either the full or part of the CCPS, not later than maturity date i.e., 19 years from the issue and allotment date.

vi) 0.001% Series C2 compulsorily convertible preference shares

0.001% Series C2 Compulsorily convertible preference shares ('CCPS') having face value of Rs 20 per share which shall be entitled to be converted into equity shares at the earliest of the following events in the manner stipulated under Articles of association ('AOA'):

a. upon occurence of the Investor Measurement Event i.e., (i) one day prior to filing of the Red Herring Prospectus ('RHP') for an IPO or Qualified IPO as defined in the agreement or (ii) Transfer of all the Subscription Shares 2 pursuant to (a) a Third Party Sale, (b) a Strategic Sale or (c) any other sale of all of the Subscription Shares 2 Shares, which, in case of (ii) above, would be deemed to be Transferred last, i.e., after Transfer of all other Shares in the Company held by the Investor; and

b. exercise of option by the CCPS shareholder in respect of either the full or part of the CCPS, not later than maturity date i.e., 19 years from the issue and allotment date.

(d) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Gangadi Investments Private Limited			
Nil (March 31, 2020: 119,039, March 31, 2019: 147,438) equity shares of Rs. 10 each fully paid	-	1.19	1.47

(e) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs.10 each fully paid up						
Gangadi Investments Private Limited *	-	0.00%	119,039	58.43%	147,438	72.40%
G.Madhukar Reddy *	74,880	16.33%	33,280	16.33%	33,280	16.34%
MedPlus Employees Benefit Trust **	21,764	4.75%	9,673	4.75%	9,673	4.75%
PI Opportunities Fund I	47,999	10.47%	21,333	10.47%	-	-
Lavender Rose Investment Ltd	120,335	26.25%	-	0.00%	-	0.00%
Lone Furrow Investment Private Limited	83,278	18.17%	-	0.00%	-	0.00%
Agilemed Investments Private Limited	76,339	16.65%	-	0.00%	-	0.00%
0.001% Series A compulsorily convertible preference shares						
PI Opportunities Fund I	2,805,674	100.00%	30,747	100.00%	-	-
0.001% Series B compulsorily convertible preference shares						
Madhukar Reddy Gangadi	2,995,200	25.06%	-	0.00%	-	0.00%
MedPlus Employees Benefit Fund	870,560	7.28%	-	0.00%	-	0.00%
PI OPPORTUNITES FUND 1	1,919,960	16.06%	-	0.00%	-	0.00%
Lavender Rose Investment Ltd	4,813,400	40.27%	-	0.00%	-	0.00%
0.001% Series B1 compulsorily convertible preference shares						
Agilemed Investments Private Limited	3,053,560	100.00%	-	0.00%	-	0.00%
0.001% Series B2 compulsorily convertible preference shares						
Lone Furrow Investment Private Limited	3,331,120	100.00%	-	0.00%	-	0.00%

(All amounts are in Rs. in millions except as otherwise stated)

17. Share capital (continued)

(e) Details of shareholders holding more than 5% shares in the Company (continued)

	No. of shares		No. of shares		As at March 31, 2019	
	No. of shares	**% of holding**	**No. of shares**	**% of holding**	**No. of shares**	**% of holding**
0.001% Series C1 compulsorily convertible preference shares						
Lavender Rose Investment Ltd	560,896	100.00%	-	0.00%	-	0.00%
0.001% Series C2 compulsorily convertible preference shares						
PI Opportunities Fund I	160,147	100.00%	-	0.00%	-	0.00%

* Shares are pledged in favour of the Debenture Trustees for the Debentures obtained by the Holding Company during the previous years which was discharged during February 2021.

** Includes 2,600 shares pledged in favour of the Debenture Trustees for the Debentures obtained by the Holding Company during the previous years which was discharged during February 2021.

Note: Reserve Bank of India ('RBI') vide letter dated November 7, 2017 had advised the Company to file for condonation for one of the transaction on shares issued by the Company. Subsequently, the Company has paid late payment charges and also filed for compounding with RBI. There has been no movement or further communication in the matter. The Company believes that the decision will be favorable and no material penalty/ charges would be levied on the Company.

(f) During the five previous financial years ended March 31, 2021, no shares have been bought back or issued for consideration other than cash except for bonus shares issued which have been disclosed in point (h) below.

(g) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Options and Shares Plan, 2009 (ESOP 2009) of the Company, please (refer note no. 39)

(h)	**Details of Bonus issue**	**Number of shares**
	In the current year, the following bonus shares were issued by way of capitalisation of securities premium balance:	
(i)	1.25 equity shares issued as bonus for every 1 equity share held by the equity share holders, rounded off to nearest number	254,674
(ii)	1.25 Series A CCPS shares issued as bonus for every 1 Series A CCPS held by the Series A CCPS holders, rounded off to nearest number	38,434
(iii)	40 Series A CCPS shares issued as bonus for every 1 Series A CCPS held by the Series A CCPS holders after considering the impact of bonus issue as per (ii) above, rounded off to nearest number	2,767,240
(iv)	40 Series B CCPS shares issued as bonus for every 1 equity shares held by the equity share holders after considering the impact of bonus issue as per (i) above and except to Lone Furrow Investment Private Limited and Agilemed Investments Private Limited, rounded off to nearest number	11,951,680
(v)	40 Series B1 CCPS shares issued as bonus for every 1 equity shares held by Agilemed Investments Private Limited after considering the impact of bonus issue as per (i) above, rounded off to nearest number	3,053,560
(vi)	40 Series B2 CCPS shares issued as bonus for every 1 equity shares held by Lone Furrow Investment Private Limited after considering the impact of bonus issue as per (i) above, rounded off to nearest number	3,331,120
		21,396,708

(All amounts are in Rs. in millions except as otherwise stated)

18 Other equity

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(i) Securities premium			
Opening balance	2,861.97	2,855.34	2,855.34
Add: Issue of shares (refer note: 52)	-	6.63	-
	(369.28)	-	
Total	**2,492.69**	**2,861.97**	**2,855.34**
Less: Amount recoverable from ESOP trust in kind (refer note no. 39)	(77.44)	(77.44)	(77.44)
Closing balance	**2,415.25**	**2,784.53**	**2,777.90**
(ii) Equity component of compound financial instruments			
Opening balance	2,361.34	-	-
Add: Issue of 0.001% Series A compulsorily convertible preference shares ('CCPS') (refer note 52)	-	2,361.34	-
Less: utilized for issue of bonus shares	(56.11)		
Add: Bonus Issue of 0.001% Series A compulsorily convertible preference shares ('CCPS') (refer note 17(h)(ii) & (iii))	56.11	-	-
Add: Bonus Issue of 0.001% Series B compulsorily convertible preference shares ('CCPS') (refer note 17(h)(iv))	239.03	-	-
Add: Bonus Issue of 0.001% Series B1 compulsorily convertible preference shares ('CCPS') (refer note 17(h)(v))	61.07	-	-
Add: Bonus Issue of 0.001% Series B2 compulsorily convertible preference shares ('CCPS') (refer note 17(h)(vi))	66.62	-	-
Add: Issue of 0.001% Series C1 compulsorily convertible preference shares ('CCPS') (refer note 52)	777.90	-	-
Add: Issue of 0.001% Series C2 compulsorily convertible preference shares ('CCPS') (refer note 52)	222.10	-	-
Less: Share issue expenses	(20.00)	-	-
Closing Balance	**3,708.06**	**2,361.34**	**-**

Equity component of compound financial instruments includes the following:	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
(i) Par value of the instruments issued:			
0.001% Series A compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	0.61	-	-
Add: Issued during the year (refer note 52)	-	0.61	-
Add: Bonus shares issued during the year	56.11	-	-
At the end of the year	**56.72**	**0.61**	**-**
0.001% Series B compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Bonus shares issued during the year	239.03	-	-
At the end of the year	**239.03**	**-**	**-**
0.001% Series B1 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Bonus shares issued during the year	61.07	-	-
At the end of the year	**61.07**	**-**	**-**
0.001% Series B2 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Bonus shares issued during the year	66.62	-	-
At the end of the year	**66.62**	**-**	**-**
0.001% Series C1 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Issued during the year (refer note 52)	11.22	-	-
At the end of the year	**11.22**	**-**	**-**

(All amounts are in Rs. in millions except as otherwise stated)

Equity component of compound financial instruments includes the following:	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
0.001% Series C2 compulsorily convertible preference shares ('CCPS') of Rs.20/- each			
At the beginning of the year	-	-	-
Add: Issued during the year (refer note 52)	3.20	-	-
At the end of the year	**3.20**	**-**	**-**
(ii) Securities premium on CCPS issued			
Opening balance	2,360.73	-	-
Add: Issue of CCPS (refer note 52)	985.58	2,037.76	-
Less: CCPS issue expenses	(20.00)	-	-
Add: Fair value movement in the value of the CCPS (Refer note 52)	-	322.97	-
Less: utilised for bonus issue	(56.11)	-	-
Less: Amount classified as borrowing (being the liability component of the CCPS) (Refer Note 52)*	0.00	0.00	-
Closing balance	**3,270.20**	**2,360.73**	**-**
Amount included in 'Equity component of compound financial instruments' above	**3,708.06**	**2,361.34**	**-**

* The amounts are below millions hence the same are not appearing

(iii) Share based payments reserve			
Opening balance	86.95	86.19	59.72
Add: Gross compensation for options granted during the year (refer note no.39)	-	0.76	26.47
Add: Impact of modification to ESOP Plan (refer note no.39)	399.60	-	-
Closing balance	**486.55**	**86.95**	**86.19**
(iv) General reserve			
Opening balance	28.64	28.64	28.64
Closing balance	**28.64**	**28.64**	**28.64**
(v) Capital reserve			
Opening balance	0.92	-	-
Add: created on account of acquision of subsidary during the year (refer note no. 49)	-	0.92	-
Closing balance	**0.92**	**0.92**	**-**
(vi) Retained earnings			
Opening balance	13.70	18.70	166.48
Adjustment on account of transition to Ind AS 115 (Refer note no:2.2i)*	-	-	(3.85)
Adjustment on account of transition to Ind AS 116 (Refer note :2.2n)**	-	(0.69)	(382.32)
Income tax effect on above	-	-	133.58
Change in ownership interests in subsidiaries without loss of control	-	(2.81)	-
Profit for the year	638.58	21.80	119.21
Other comprehensive income/(loss) for the year	9.35	(23.30)	(14.41)
Closing balance	**661.63**	**13.70**	**18.70**
Total Other equity ((i)+(ii)+(iii)+(iv)+(v)+(vi))	**7,301.05**	**5,276.08**	**2,911.43**

*On account of transition to Ind AS 115 - Revenue from contracts, the Group has accounted cumulative contractual liability as on date of transition under opening retained earnings.

**On account of transition to Ind AS 116 - Leases, Group has accounted all lease contracts existing on April 01, 2019 using the modified retrospective method as an adjustment to the opening balance of retained earnings on the date of initial application. (refer note:40)

(All amounts are in Rs. in millions except as otherwise stated)

18 Other equity (continued)

Nature and purpose of reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The premium will be utilised in accordance with the provisions of the Act.

b) Share based payment reserve

The Group has granted equity settled share based payment plans for certain categories of employees of the Group (Refer note 39).

c) General reserve

General reserve is used from time to time to transfer profit from reserves, for appropriation purposes.

d) Capital reserve

The Group has acquired subsidiary through business combination resulting in bargain purchases (Refer note 49).

e) Retained earnings

Retained earnings are profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

19 Borrowings

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
a. Non current			
Liability component of compound financial instrument (refer note: 52)*	-	-	-
	-	**-**	**-**
* The amounts are below millions hence the same are not appearing			
b. Current			
Cash credit from bank (secured)	1,352.35	1,050.51	719.02
Loan from others (unsecured)	-	-	325.00
	1,352.35	**1,050.51**	**1,044.02**

(a) Cash credit facility as at March 31, 2021 is obtained from Axis bank and HDFC bank. During the previous year, the Group has closed its Cash credit facility from State Bank of India and its Consortium and availed new cash credit facility from Axis bank and HDFC Bank. These cash credit facilities are secured by the following:

(i) Pari Passu charge on the entire present and future current assets of the subsidiary company - Optival Health Solutions Private Limited ("Optival").

(ii) Pari Passu charge on the entire present and future immovable fixed assets of the Optival except the following building:

"Unfinished Shop no:G1 in the ground floor of Karna Nil yam in H No:10-1/6 on plot no:3/c at P&T Colony, Gaddiannarm Village, Saroor nagar revenue Mandal, Ranga Reddy District"

(b) Collateral security by way of fixed deposit to Axis Bank Limited and HDFC bank Limited of Rs 234.00 millions,
(March 31, 2020: Axis Bank Limited and HDFC Bank Limited of Rs 177.00 millions, March 31, 2019: State bank of India consortium of Rs.248.24 millions).

(c) Corporate guarantee by the Company to bankers on behalf of subsidiary company - Optival

(d) Personal guarantees of Dr. G.Madhukar Reddy (Director of the Company), No immovable property of personal guarantor shall be encumbered/disposed off without prior consent of the Bank (March 31, 2020: Dr. G.Madhukar Reddy (Director of the Company), No immovable property of personal guarantor shall be encumbered/disposed off without prior consent of the Bank) (March 31, 2019: Mr. K.S. Murali Krishna (directors of the subsidiary - Optival) and Dr. G. Madhukar Reddy (directors of the Company), P Srinivas and Surendranath M (directors of RiteMed Pharma Retail Private Limited)).

(e) During the year ended 31 March 2019, subsidiary company - Optival had charge against fixed assets, hypothecation of stocks, receivables and other chargeable current assets. During the year ended 31 March 2020, the charge on these assets has been satisfied upon closure of cash credit facility with State Bank of India and its consortium.

Interest rate on cash credit during the year carries floating interest rate ranges from MCLR + 1.1% to 2.2% per annum, MCLR ranges from 8.15% to 9.95% per annum (March 31, 2020 MCLR + 1.1% to 2.2% per annum,March 31, 2019 MCLR+2.00% to 2.75% per annum). The same is repayable on Demand.

Loan from others represents

a) Loan from others represents loan of Rs. Nil (March 31, 2020: Rs.Nil, March 31, 2019: Rs.285 millions) taken from M/s Merlin Holding Private Limited. The loan carried an interest @ 20.50% and @20.00% per annum for an amount of Rs 200 million and Rs 85 million respectively, the loan was repaid on April 10, 2019.

b) Rs.Nil (March 31, 2020: Rs.Nil, March 31, 2019: Rs.40 millions) taken from Mrs. Pravesa Holding Private Limited on 7th september, 2017. The loan carried an interest @ 18% per annum, the loan was repaid on April 11, 2019.

(All amounts are in Rs. in millions except as otherwise stated)

20 Other financial liabilities

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Non-Current			
Security deposits	11.58	14.30	26.02
	11.58	**14.30**	**26.02**
Current			
Payable for capital goods	39.28	18.16	13.19
Salary, bonus and other incentives payable	334.07	419.05	253.54
	373.35	**437.21**	**266.73**

21 Lease liability

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Non-Current			
Lease liability (refer note no: 40)	4,001.05	3,193.39	2,840.34
	4,001.05	**3,193.39**	**2,840.34**
Current			
Lease liability (refer note no: 40)	548.74	528.97	401.13
	548.74	**528.97**	**401.13**

22 Provisions

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Non-current			
Provision for gratuity (refer note 38)	183.51	177.39	81.50
	183.51	**177.39**	**81.50**
Current			
Provision for gratuity (refer note: 38)	42.03	38.81	17.00
Provision for compensated absences	127.05	101.89	65.95
Provision for refund liability (refer note no 2.2h.)	25.46	30.38	36.91
	194.54	**171.08**	**119.86**

Refund liability is accounted for by recording provision based on Companies estimation of expected sales returns. Refer Note 2.2g of these consolidated financial statements for Group's accounting policies on refund liability

Movement in refund liability during the year ended March 31, 2021, March 31, 2020 and March 31, 2019

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balance as at beginning of the year	30.38	36.91	34.77
Add: Additions (Sales returns) during the year	594.98	584.55	481.52
Less: Utilised (Sales) during the year	(599.90)	(591.08)	(479.38)
Balances as at end of the year	25.46	30.38	36.91

23 Trade payables

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade payables			
- due to micro and small enterprises (refer Note 42)	2.31	14.96	4.25
- due to other than micro and small enterprises	1,478.68	2,326.55	1,576.97
	1,480.99	**2,341.51**	**1,581.22**

Trade payables are non-interest bearing and are normally settled on 01-60 day terms.
For explanations on the Company’s credit risk management processes, refer to Note 46

24 Other current liabilities

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Advance from customers	21.50	57.24	41.09
Statutory liabilities	56.92	69.80	67.33
Payables to others	31.03	-	-
Interest accrued but not due	-	-	0.66
	109.45	**127.04**	**109.08**

(All amounts are in Rs. in millions except as otherwise stated)

25 Deferred revenue

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Deferred revenue on Valueplus Rewards scheme	82.42	130.24	199.90
	82.42	**130.24**	**199.90**
Balance as at beginning of the year	130.24	199.90	156.15
Deferred during the year	43.05	153.99	332.25
Released to the statement of profit and loss	(90.87)	(223.65)	(288.50)
Balances as at end of the year	**82.42**	**130.24**	**199.90**

26 Current tax liabilities (net)

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Current tax liabilities (net of advance tax of Rs.299.04 millions (31 March 2020: Rs.171.82 millions, 31 March 2019: Rs. Nil))	7.57	24.30	3.50
	7.57	**24.30**	**3.50**

(All amounts are in Rs. in millions except as otherwise stated)

27. Revenue from Contract with customers

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Revenue from operations			
Sale of goods	30,484.94	28,484.55	22,563.49
Sale of services	22.81	27.97	25.24
Other operating revenue			
- Display and other business support income	167.26	180.79	114.51
- Others	17.68	12.72	24.13
	30,692.69	**28,706.03**	**22,727.37**

b. Details of Contract Asset

As mentioned in the accounting policies for refund liability, the Group recognises an asset i.e., right to the returned goods (included in inventories) for the products expected to be returned. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Along with remeasuring the refund liability at the end of each reporting period, the Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

As on March 31, 2021, the Group has Rs.24.95 millions (March 31, 2020: Rs. 25.64 millions, March 31, 2019: Rs 32.81 millions) as contract asset representing the right to the returned goods (included in inventories).

c. Details of deferred revenue

Tabulated below is the reconciliation of deferred revenue for the years ended March 31, 2021, March 31, 2020 and March 31, 2019

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	130.24	199.90	156.15
Deferred during the year	43.05	153.99	332.25
Released to the statement of profit and loss	(90.87)	(223.65)	(288.50)
Balance at the end of the year	**82.42**	**130.24**	**199.90**

d. Details of contract liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Advance from customers	21.50	57.24	41.09

Revenue recognised in the current reporting year that was included in the opening balance of advance from customers is Rs.53.55 millions (March 31, 2020: Rs. 35.03 millions, March 31, 2019: Rs.11.82 millions).

e. Disclosures as per Ind AS 115 - Revenue from contract with customers

a. Reconciliation of Revenue from contract with customers

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from contract with customers at contracted price	30,516.43	28,529.57	22,611.58
Less: Discounts offered	(8.68)	(17.05)	(22.85)
Revenue from contract with customers	**30,507.75**	**28,512.52**	**22,588.73**

b. Disaggregation of revenues

(i) Based on geography: Entire revenue from contract with customers is from India.

(ii) Based on business segment:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Retail trading of medicines and general items,	30,361.05	28,317.85	22,379.44
Wholesale cash and carry, and	123.93	166.67	184.05
Pathological testing services	22.77	28.00	25.24
Revenue from contract with customers	**30,507.75**	**28,512.52**	**22,588.73**

c. Revenues from significant customers

There is no transactions with single external customer which amounts to 10% or more of the Group's revenue

f. Details of contract balances

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade receivables	53.67	64.00	87.54
Contract liabilities	21.50	57.24	41.09
Contract assets	24.95	25.64	32.81

(All amounts are in Rs. in millions except as otherwise stated)

28. Other income

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income			
on bank deposits	36.08	52.76	15.33
Others	41.86	33.18	20.27
Insurance claims received	1.96	5.48	1.72
Rental income (refer note:43(b))	17.54	23.59	32.49
Amount recoverable from employees	49.05	28.92	30.64
Foreign exchange fluctuation gain (net)	-	-	0.51
Profit on Sale of Investments	0.30	-	-
Gain on de-recognition of Right-of-use assets	23.79	-	-
Lease rent concessions	12.78	-	-
Miscellaneous income	32.09	28.91	21.07
	215.45	**172.84**	**122.03**

29. Cost of materials consumed

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw material			
Inventories at the beginning of the year	16.90	8.52	2.79
Add: Purchases	70.86	40.39	19.36
Less: Inventories at the end of the year	17.18	16.90	8.52
Consumption	**70.58**	**32.01**	**13.63**
Packing material			
Inventories at the beginning of the year	2.54	2.79	1.39
Add: Purchases	13.83	6.34	4.70
Less: Inventories at the end of the year	4.50	2.54	2.79
Consumption	**11.87**	**6.59**	**3.30**
Total	**82.45**	**38.60**	**16.93**

30. Increase in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year			
Finished goods	18.04	8.69	6.31
Work-in-progress	1.20	0.51	0.61
Stock-in-trade	6,325.92	3,856.06	3,567.95
	6,345.16	**3,865.26**	**3,574.87**
Less : Inventories at the end of the year			
Finished goods	19.42	18.04	8.69
Work-in-progress	2.37	1.20	0.51
Stock-in-trade	7,377.77	6,325.92	3,856.06
	7,399.56	**6,345.16**	**3,865.26**
Increase in inventories	**(1,054.40)**	**(2,479.90)**	**(290.39)**

31. Employee benefits expense

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	2,707.25	2,407.47	1,887.52
Contribution to provident and other funds * (refer note: 38)	166.58	156.96	132.78
Gratuity expense (refer note: 38)	62.66	111.54	30.36
Staff welfare expenses	50.42	47.29	36.60
Employees stock option compensation expenses (refer note: 39)	399.60	0.76	26.47
	3,386.51	**2,724.02**	**2,113.73**

* Contribution with respect to employer share of Employee Pension Scheme included in provident fund for the employees joined between October 2017 to March 2019 and enrolled for Provident Fund for the first time are covered under Prime Minister Rojgar Protsahan Yojana (PMRPY) and employer contribution for such covered employees are contributed directly by government.

Contribution with respect to employee and employer share, employees enrolled in PF for the first time and employees who lost their jobs during the period 01-03-2020 to 30-09-2020 and joined from 01-10-2020 to 30-06-2021 with salary below INR 15,000 and establishment have employees less than 1000 will covered under ABRY Scheme and such contribution will be contributed directly by government.

32. Depreciation and amortisation expense

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	166.82	151.03	133.18
Amortisation of intangible assets	8.13	7.70	6.42
Amortisation of right-of-use assets (refer note:40)	708.47	589.34	446.33
Less: Amount transferred to capital work-in-progress	(0.72)	-	-
	882.70	**748.07**	**585.93**

(All amounts are in Rs. in millions except as otherwise stated)

33. Finance costs

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest	70.83	58.48	141.32
Interest on lease liability (refer note:40)	465.34	402.24	338.76
Bank and other charges	12.28	7.24	19.95
	548.45	**467.96**	**500.03**

34. Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and consumables	8.36	12.48	11.62
Testing expenses	2.09	2.47	3.02
Lease rent (refer note: 40)	1.77	3.59	60.82
Rates and taxes	33.61	18.76	49.06
Electricity charges	132.94	136.98	119.85
Communication costs	73.28	68.52	52.99
Travelling and conveyance	29.45	36.59	33.39
Printing and stationary	42.28	41.60	38.84
Legal and professional charges (refer below for auditors remuneration)	54.30	32.47	76.85
Insurance	14.06	8.43	5.65
Repairs and maintenance			
- Plant and machinery	26.27	24.13	17.05
- Others	35.49	43.74	50.60
Packing and forwarding charges	222.40	240.68	218.39
Commission and brokerage	53.54	76.13	73.17
Advertisement and sales promotion	16.78	60.42	60.34
Credit/debit card commission charges	125.53	98.58	69.96
Provision for doubtful debts	0.29	21.49	1.58
Provision for doubtful deposits	0.07	2.62	5.14
Provision for doubtful advances	-	0.45	2.22
Foreign exchange fluctuation loss (net)	1.64	0.39	-
Loss on sale and discard of fixed assets	0.98	3.22	9.53
Advances/debts written off	0.70	1.54	5.08
Corporate social responsibility expenditure (refer note: 48)	4.18	4.12	4.07
Miscellaneous expenses	17.56	17.48	12.71
	897.57	**956.88**	**981.93**

35. Payment to auditor (inclusive of service tax)

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors:			
Statutory audit fee	5.05	2.82	2.68
Certification	0.10	-	-
Reimbursement of expenses	0.28	0.04	0.02
Others	1.90	-	-
	7.33	**2.86**	**2.70**

(All amounts are in Rs. in millions except as otherwise stated)

36. Earnings per share (EPS)

The following reflects the earnings and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to equity holders of the Company for basic and diluted earnings per share	638.58	21.80	119.21
Earnings per share			
Weighted average number of shares for considered for Basic EPS			
(i) Equity shares			
Number of shares at the beginning of the year	194,062	193,962	193,962
Weighted average number of shares issued during the year	-	98	-
Add: Bonus issue of shares during the year *	242,583	242,583	242,583
Weighted average number of shares outstanding during the year	**436,645**	**436,643**	**436,545**
(ii) CCPS			
Number of shares at the beginning of the year	30,747	-	-
Weighted average number of shares issued during the year	100,748	29,990	-
Add: Bonus issue of shares during the year *	20,271,474	20,271,474	20,271,474
Weighted average number of shares outstanding during the year	**20,402,969**	**20,301,464**	**20,271,474**
Weighted average number of shares for considered for Basic EPS (i)+(ii)	**20,839,614**	**20,738,107**	**20,708,019**
Add: Number of dilutive potential equity shares on account of share options granted including bonus shares issued during the year	892,324	892,324	892,324
Weighted average number of equity shares for diluted EPS	**21,731,938**	**21,630,431**	**21,600,343**
Face value of each equity share (Rs.)	10	10	10
Face value of each CCPS considered as equity (Rs.)	20	20	NA
Earnings per share			
- Basic (Rs.)	30.64	1.05	5.76
- Diluted (Rs.)	29.38	1.01	5.52

* In line with the requirments of para 28 of Ind AS 33, for the purpose of EPS calculations, bonus shares issued has been considered as if the event of bonus issue had occurred at the beginning of the earliest period presented.

(All amounts are in Rs. in millions except as otherwise stated)

37. Taxes

(a) The major components of income tax expenses for the year ended March 31, 2021, March 31, 2020 and March 31, 2019 are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax :			
Current income tax charge	303.32	170.03	119.04
Interest on income tax	3.23	2.81	-
Deferred tax			
Relating to origination and reversal of temporary differences	13.32	102.81	(10.75)
Total income tax expense recognised in statement of Profit and Loss	**319.87**	**275.65**	**108.29**

(ii) OCI Section

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred tax			
Net loss on remeasurement of defined benefit plans	(2.18)	7.49	7.28
Income tax charged to Other Comprehensive Income	**(2.18)**	**7.49**	**7.28**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021, March 31, 2020 and March 31, 2019:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax (A)	950.98	293.59	227.51
Enacted tax rate in India (B)	25.17%	25.17%	34.94%
Expected tax expenses (C = A*B)	239.34	73.89	79.50
Tax effect on non-deductible expenses (net)*	74.88	100.22	3.49
Effect of profits of certain components taxed at lower rates	-	-	(6.75)
Deferred tax not recognised on losses	32.90	-	9.43
Others	(28.30)	(13.51)	9.15
Total Tax expense	**318.83**	**160.60**	**94.82**
Adjustments in respect of current income tax of previous year	(0.01)	(23.28)	5.12
Adjustments in respect of interest on income tax for current year	3.23	2.81	-
Tax impact in OCI	(2.18)	7.49	7.28
Deferred tax impact of rate charge	0.00	128.03	1.06
Total	**319.87**	**275.65**	**108.28**
Tax expense as per Statement of Profit and Loss Account ((a)(i))	**319.87**	**275.65**	**108.29**

* The Finance Act, 2021 has introduced an amendment to Section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020. In accordance with the requirements of Ind AS 12 Income Taxes, the Company has recognised one time tax expense as the outcome on the difference between Goodwill as per the books of account and its updated tax base of Nil resulting from the aforementioned amendment of Rs. 66.30 Million.

(c) The major components of deferred tax (liabilities)/assets (net) arising on account of timing differences are as follows:

As at March 31, 2021	Balance Sheet March 31, 2020	Retained earnings	Profit and Loss 2020-21	OCI 2020-21	Balance Sheet March 31, 2021
Deferred tax asset (net)					
per books of accounts and as per Income Tax Act, 1961	128.08	-	(61.82)	-	66.26
Provision for expenses allowed for tax purpose on payment basis	75.27	-	16.83	(2.18)	89.92
Remeasurement benefit of the defined benefit plans through OCI	-		-	-	-
Lease liability	165.92	-	30.64	-	196.56
Expense claimed for tax purpose on payment basis	14.35	-	(7.22)	-	7.13
Deferred tax on intercompany eliminations on consolidation	17.95	-	8.25	-	26.20
Deferred tax benefit/ (expense)		**-**	**(13.32)**	**(2.18)**	
Deferred tax asset (net)	**401.57**				**386.07**

As at March 31, 2020	Balance Sheet March 31, 2019	Retained earnings	Profit and Loss 2019-20	OCI 2019-20	Balance Sheet March 31, 2020
Deferred tax asset (net)					
Difference between depreciation on fixed assets as per books of accounts and as per Income Tax Act, 1961	199.41	-	(71.33)	-	128.08
Provision for expenses allowed for tax purpose on payment basis	77.20	-	(9.42)	7.49	75.27
Remeasurement benefit of the defined benefit plans through OCI	-	-	-	-	-
Lease liability	181.80	-	(15.88)	-	165.92
Expense claimed for tax purpose on payment basis	22.36	-	(6.72)	-	14.35
Deferred tax on intercompany eliminations on consolidation	17.41	-	0.54	-	17.95
Deferred tax benefit/ (expense)		**-**	**(102.81)**	**7.49**	
Deferred tax asset (net)	**498.18**				**401.57**

(All amounts are in Rs. in millions except as otherwise stated)

37. Taxes (continued)

(c) The major components of deferred tax (liabilities)/assets (net) arising on account of timing differences are as follows (continued):

As at March 31, 2019	**Balance Sheet March 31, 2018**	**Retained earnings**	**Profit and Loss 2018-19**	**OCI 2018-19**	**Balance Sheet March 31, 2019**
Deferred tax asset (net)					
Difference between depreciation on fixed assets as per books of accounts and as per Income Tax Act, 1961	228.73	-	(29.32)	-	199.41
Provision for expenses allowed for tax purpose on payment basis	59.31	-	10.61	7.28	77.20
Lease liability	-	133.58	48.22	-	181.80
Expense claimed for tax purpose on payment basis	30.31	-	(7.95)	-	22.36
Deferred tax on intercompany eliminations on consolidation	28.22	-	(10.81)	-	17.41
Deferred tax (expense)/ benefit		**133.58**	**10.75**	**7.28**	
Deferred tax asset (net)	**346.57**				**498.18**

(d) As a matter of prudence, the Group has not recorded deferred tax asset (net) on carry forward of business losses of certain components and the carrying amounts of assets as at March 31, 2021 aggregating to Rs. 36.09 millions (March 31, 2020: Rs. 24.87 millions, March 31, 2019: Rs.27.33 millions), since the Group is not probable that taxable profit will be available against which the deferred tax asset can be utilised.

(All amounts are in Rs. in millions except as otherwise stated)

38 Employee benefits

I. Post Employment Benefits

A. Defined Benefits Plan - Gratuity

Gratuity benefits provided by the Group

Group has a defined benefit plan which provides for gratuity payments for its employees. Under the plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days salary (based on last drawn basic salary) for each completed year of service. The scheme is partly funded with an insurance company in the form of a qualifying insurance policy managed by Life Insurance corporation of India.

The components of gratuity cost recognised in the consolidated statement of profit and loss and other comprehensive income for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 consist of the following:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Changes in the present value of defined benefit obligations are as follows:			
Defined benefit obligations at the beginning of the year	267.47	133.40	87.39
Current service cost	49.76	46.15	27.12
Past service cost	-	58.88	-
Interest on defined benefit obligations	17.46	9.75	6.70
Benefits paid	(17.41)	(10.26)	(8.73)
Re-measurements due to:			
Remeasurements- due to change in assumptions	14.74	(26.84)	3.18
Actuarial loss due to demographic assumptions	-	0.20	-
Remeasurements- due to experience adjustment	(28.76)	56.19	17.74
Defined benefit obligations at the end of the year	**303.26**	**267.47**	**133.40**
Changes in the fair value of plan assets are as follows:			
Fair value of plan assets at the beginning of the year	51.27	34.90	30.09
Employer contributions	31.93	19.42	7.41
Interest on plan assets	4.64	3.21	2.41
Benefits paid	(7.52)	(5.00)	(4.20)
Expenses	(0.08)	(0.06)	(0.03)
Remeasurements-return on plan assets	(2.52)	(1.20)	(0.78)
Plan assets at the end of the year	**77.72**	**51.27**	**34.90**
Amount to be recognised in Statement of Profit and Loss:			
Current service cost	49.76	46.14	27.12
Past service cost	-	58.86	-
Interest on net defined benefit liability, net	17.46	9.74	5.65
Reimbursement Service Cost	0.06	-	-
Excepted return on plan assets	(4.62)	(3.20)	(2.41)
Gratuity cost recognised in statement of profit and loss	**62.66**	**111.54**	**30.36**
Remeasurement on the net defined benefit liability:			
Remeasurements - due to change in assumptions	14.74	(28.13)	3.18
Remeasurements - due to experience adjustment	(28.77)	57.77	17.73
Remeasurements - return on plan assets	2.52	1.15	0.78
Defined benefit costs recognised in other comprehensive income	**(11.51)**	**30.79**	**21.69**
Details of the employee benefits obligations and plan assets are provided below:			
Present value of funded obligations	303.26	267.47	133.40
Fair value of plan assets	(77.72)	(51.27)	(34.90)
Net defined benefit liability recognised	**225.54**	**216.20**	**98.50**

Bifurcation of net defined benefit liability

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Current liabilities	42.03	38.81	17.00
Non-current liabilities	183.51	177.39	81.50
	225.54	**216.20**	**98.50**

Sensitivity Analysis:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Effect of 1% change in assumed discount rate			
- 1% increase	(16.77)	(14.16)	(7.30)
- 1% decrease	18.47	14.97	8.24
(b) Effect of 1% change in assumed salary escalation rate			
- 1% increase	18.37	15.13	7.79
- 1% decrease	(17.17)	(14.66)	(7.20)
(c) Effect of 1% change in assumed attrition rate			
- 1% increase	(3.20)	(2.34)	(2.51)
- 1% decrease	3.07	1.62	2.78

(All amounts are in Rs. in millions except as otherwise stated)

38 Employee benefits (continued)

I. Post Employment Benefits (continued)

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Discount rate	6.88% to 6.91%	6.77% to 7.6%	7.60%
Rate of return of plan assets	6.91% to 7.27%	8.25%	8.25%
Attrition rate			
below 30 Years	30.00%	30.00%	20.00%
31-40 years	18.47%	18.47%	20.00%
41-50 Years	13.40%	13.40%	20.00%
51 years and above	12.26%	12.26%	20.00%
Rate of compensation increase	9% to 15%	9% to 10%	15.00%

The expected future cash flows in respect of gratuity were as follows:

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Expected future benefit payments			
Less than a year	43.99	39.01	17.00
Between 2-5 years	144.26	130.92	62.19
More than 5 years	121.14	105.61	62.68

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Attrition rate: Represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

Sensitivity analysis: The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

B. Defined Contribution Plan

Provident fund benefits

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and Employee state insurance, which is defined contribution plan. The Group has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense for the year aggregated to Rs.166.58 millions (March 31, 2020: Rs.156.96 millions and March 31, 2019: 132.78 millions) and is included in “contribution to provident fund and other funds”.

II. Other benefits

Leave compensated absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur. The amount recognised as an expense towards leave encashment for the year aggregated to Rs.48.24 millions (March 31, 2020: Rs.59.33 millions and March 31, 2019: Rs.22.78 millions).

(All amounts are in Rs. in millions except as otherwise stated)

39. Employee stock option plan

(a) The Company instituted MedPlus Employees Stock Option and Shares Plan 2009 (ESOP 2009). The Board of directors approved the plan on November 16, 2009. The plan is effective from November 1, 2009 which provided for issue of 9,673 stock options (21,764 equity shares and 870,560 CCPS options, including bonus issue) to eligible employees. The options vest over a period of four years or as approved by remuneration committee and would be settled by issue of fully paid equity shares. During the year ended March 31, 2021, the following scheme is under operation:

Pursuant to a resolution passed by the Board of Directors on February 17, 2011, the Company had formed a trust (MedPlus Employee Benefit Trust) to implement and administer ESOP 2009 and had allotted 9,673 equity shares 870,560 CCPS options, including bonus issue) of Rs.10 each to the Trust.

The Company has allotted 4,110 equity shares (against 4,110 granted options) and 5,563 shares (against 5,563 non- granted option) to the trust a premium of Rs.11,016.12 per share and Rs. 5,781 per share respectively, aggregating total securities premium of Rs. 77.44 million.

Amount receivable from the trust for options granted aggregating to Rs.77.54 million (Face value – Rs 0.10 million and Premium of Rs 77.44 million) has been accounted as 'Amount recoverable from Trust in kind' and has been deducted from share capital and securities premium respectively as these are in the nature of own shares held. The same will be adjusted at the time of exercise of options by the employees.

Employees stock option and share plan 2009

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Number of options granted	9,173	8,770	8,770
Method of settlement (Cash/Equity)	Equity	Equity	Equity
Vesting period	2,310 options vested immediately on the grant date. 1,055 options equally on completion of every quarter, over the period of next two years from the grant date. 5,744 options vest over the period of one year from the grant date. 64 options vest 25% each year over the period of 4 years from the grant date.	2,310 options vested immediately on the grant date. 1,055 options equally on completion of every quarter, over the period of next two years from the grant date. 5,405 options vest over the period of one year from the grant date.	2,310 options vested immediately on the grant date. 1,055 options equally on completion of every quarter, over the period of next two years from the grant date. 5,405 options vest over the period of one year from the grant date.
Exercise period	6 years for 9,173 options Committee may extend the Exercise period on case to case basis.	6 years for 8,770 options Committee may extend the Exercise period on case to case basis.	6 years for 8,770 options Committee may extend the Exercise period on case to case basis.
Vesting conditions	None	None	None

(b) The details of the activity have been summarized below

Particulars	As at March 31, 2021 (No. of equity shares)	As at March 31, 2020 (No. of equity shares)	As at March 31, 2019 (No. of equity shares)
Outstanding at the beginning of the year	8,770	8,770	8,735
Exercisable at the beginning of the year	8,770	8,735	3,365
Granted during the year	403	-	35
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Vested during the year	-	35	5,370
Expired during the year	-	-	-
Outstanding at the end of the year*	9,173	8,770	8,770
Exercisable at the end of the year	8,770	8,770	8,735
Weighted average remaining contractual life (in years)	-	-	0.84

(All amounts are in Rs. in millions except as otherwise stated)

39. Employee stock option plan (continued)

(c) Stock options granted during the year

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021	March 31, 2020	March 31, 2019
Weighted average share price/ market value	76,842.50	-	66,281.40
Exercise price (Rs. per share)	10.00	-	43,562.00
Options granted	339	-	35
Date of grant	01 July 2020	-	1/Feb/19
Expected volatility	27%	-	20%
Life of the options granted (vesting and exercise period) in years	Vesting period + 3 years	-	Vesting period + 12 months
Expected dividends	0.00%	-	0%
Average risk-free interest rate	5.00%	-	7.74% per annum
Expected term based on vesting period	1 year	-	1 year
Weighted average fair value of the option granted	76,834.30	-	25,933.49

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021
Weighted average share price/ market value	76,842.50
Exercise price (Rs. per share)	76,765.00
Options granted	64
Date of grant	01 July 2020
Expected volatility	27.1% - 28.4%
Life of the options granted (vesting and exercise period) in years	Vesting period + 3 years
Expected dividends	0.00%
Average risk-free interest rate	5.00%
Expected term based on vesting period	1 year - 4 years
Weighted average fair value of the option granted	22,911.8 - 33,556.70

(d) Effect of the employee option plan on the Statement of Profit and Loss and on its financial position

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Total employee compensation cost pertaining to stock option plan	399.60	0.76	26.47
Reserves - employee stock option plan outstanding as at the year end	486.55	86.95	86.19

(e) Modification of terms of options granted in earlier years

The Company had during the current year modified the exercise price in relation 5,405 options granted and vested in earlier years, the details of which are as mentioned below:

		March 31, 2021	
Options granted	175	5,195	35
Grant date	01 March 2018	01 March 2018	01 February 2019
Modification date	01 July 2020	01 July 2020	01 July 2020
Original Exercise price (Rs. per share)	43,562.00	43,562.00	43,562.00
Revised Exercise price (Rs. per share)	37,099.00	10.00	10.00
Weighted average share price/ market value on the date of modification	76,842.50	76,842.50	76,842.50
Expected Life of the options in years	2.30	2.30	2.80
Expected volatility	30.27%	30.27%	28.73%
Expected dividends	0.00%	0.00%	0.00%
Average risk-free interest rate	4.21%	4.21%	4.40%
Weighted average fair value of the option granted	43,551.10	76,833.40	76,833.70

Owing to the change in exercise price, the additional cost accounted for share based payments amounted to Rs.379.78 million.

*The Company has issued 12,091 bonus equity shares and 870,560 convertible bonus preference shares to the ESOP trust in the current year.

40. Lease

A Transition note

A new lease standard i.e., Ind AS 116 has been notified to be effective w.e.f. April 1, 2019 which provide guidelines for the accounting of the lease contracts entered in the capacity of a lessee and a lessor. For the purpose of preparation of Restated Consolidated Financial Information, the management has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for the year ended March 31, 2019. Hence, in these Restated Consolidated Financial Information, Ind AS 116 has been adopted with effect from April 1, 2018 following modified retrospective method with effect of initially applying this standard as an adjustment to the opening balance of retained earnings on the date of initial application. The weighted average rate applied is 11.5%. The nature and effect of the changes as a result of adoption of Ind AS 116 is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases- Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group has elected not to apply the requirements of Ind AS 116 "Leases" to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term except inflation adjustment.

The adoption of this newly issued accounting standard Ind AS 116 "Lease" resulted in recognition of "Right of Use" asset of Rs. 2,954.99 million and a lease liability of Rs. 2,504.13 million as at April 1, 2018. Consequently, the retained earnings for the year ended March 31, 2019 is lower by Rs. 382.32 million (before defered tax impact)

(All amounts are in Rs. in millions except as otherwise stated)

40. Lease (continued)

B Following are the changes in the carrying values of right of use asset for the year ended March 31, 2021:

Particulars	Amount
Balance as at 01 April 2018	-
Transitional impact of Ind AS 116	2,954.99
Additions	1,045.67
Adjustment (prepaid rent on present value of security deposit)	155.71
Disposals	-
Balance as at April 01, 2019	**4,156.37**
Additions	876.71
Balance as at March 31, 2020	**5,033.08**
Additions	1,488.31
Disposals	(159.32)
Balance as at March 31, 2021	**6,362.07**
Accumulated amortisation	
Balance as at April 01, 2018	833.18
Amortisation charge for the year	446.33
Balance as at April 01, 2019	**1,279.51**
Amortisation charge for the year	589.34
Balance as at March 31, 2020	**1,868.85**
Amortisation charge for the year	708.47
Deletion	(63.97)
Balance as at March 31, 2021	**2,513.35**
Carrying amounts	
Balance as at March 31, 2021	**3,848.73**
Balance as at March 31, 2020	**3,164.23**
Balance as at March 31, 2019	**2,876.86**

C The Following is the rental expenses recorded for short term leases, variable leases and low value leases for the year ended March 31, 2021

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Short -term lease expense	1.77	3.59	60.82
Rental income from sub-lease	17.54	23.59	32.49
Total			

D Following are the changes in the lease liabilities for the year ended March 31, 2021

Particulars	Lease liabilities
Balance as at April 01, 2018	-
Recognised on adoption of Ind AS 116	2,504.13
Additions during the year	1,045.67
Disposals during the year	-
Finance cost accrued during the period	338.76
Payment of lease liabilities	(647.09)
Balance as at April 01, 2019	**3,241.47**
Additions during the year	834.67
Finance cost accrued during the period	402.24
Payment of lease liabilities	(756.01)
Balance as at March 31, 2020	**3,722.37**
Additions during the year	1,434.90
Finance cost accrued during the period	465.34
Disposals during the year	(119.67)
Payment of lease liabilities	(953.15)
Balance as at March 31, 2021	**4,549.79**

Bifurcation of lease liabilities	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Non-current lease liabilities	4,001.05	3,193.39	2,840.34
Current lease liabilities	548.74	528.97	401.13

E The following amounts are recognised upon transition to Ind AS 116, Leases on April 01, 2018:

Particulars	Amount
Right-of-use of assets *	2,954.99
Lease liability	(3,337.31)
Impact on retained earnings	**(382.32)**
Income tax effect on above	**133.58**

* Excludes prepaid lease rental of Rs. 155.71 millions

The following is the cash outflow on leases during the year ended March 31, 2021:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment of lease liabilities	953.15	756.01	647.09
Short-term lease expense	1.77	3.59	60.82
Total cash outflow on leases	**954.92**	**759.60**	**707.91**

(All amounts are in Rs. in millions except as otherwise stated)

40. Lease (continued)

G The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis :

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Less than 1 year	1,048.34	850.41	754.74
1 to 5 years	3,601.04	2,830.43	2,493.49
Over 5 years	2,059.09	1,842.32	1,605.79

a. The Group does not face a significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when fall due.

b. Lease payments during the year have been disclosed under financing activities in the Consolidated Statement of Cash flows.

c During the period March 20 to June 20, on account of the impact of Covid-19, the Company has received lease concessions of INR 28 Million in the form of waiver of portion of rent for the said period and it doesn't qualifies as a modification of a lease agreement. Hence, this concession has been accounted as income during the year ended 31 March 2021.

41. Capital and other commitments

(A.) Capital Commitments

(i) As at March 31, 2021 the Group has commitments of Rs.17.90 millions (March 31, 2020: Rs.17.17 millions, March 31, 2019: Rs.15.07 millions) relating to contracts remaining to be executed on capital account.

(ii) The company has given corporate guarantee to banks against the loan taken by subsidiary company - Optival Health Solutions Private Limited of Rs.1,850.00 millions (March 31, 2020: Rs.1,775.00 Million, March 31, 2019 :Rs.1,050 Million) for the purpose of funding its working capital requirements.

(B.) Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
i) Claims against the Group not acknowledged as debt			
Income tax	111.78	111.78	26.07
Value added tax	8.26	364.59	275.66
	120.04	**476.37**	**301.73**

ii) During the year ended March 31, 2015, Ritemed Pharma Retail Private Limited (merged with Optival Health Solutions Private Limited w.e.f. April 01, 2016) had received an assessment order for the assessment year 2012 - 13 proposing an adjustment of Rs.18.37 millions to the returned loss. Ritemed Pharma Retail Private Limited has filed an appeal before Commissioner of Income Tax (Appeals) and based on its internal assessment is confident that the matter will be decided in its favour and no adjustment to the consolidated financial statement is required.

iii) The Payment of Bonus (Amendment) Act, 2015 had been notified in the financial year 2015-16. Among other amendments, it has increased, with retrospective effect from April 1, 2014, the scope of coverage by revising the salary ceiling for eligible employees and also increasing the salary limit capped for the purpose of calculating bonus. Based on the legal advice and the interim stay granted by various high courts on retrospective application of the aforesaid amendment, the Group has not accrued for bonus for the financial year 2014-15 amounting to Rs. 8.61 millions and merged entity Ritemed Pharma Retail Private Limited amounting to Rs 4.5 millions.

iv) On 28 February 2019, the Hon'ble Supreme Court of India has delivered a judgment clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. However, considering that there are numerous interpretative issues relating to retrospective application of this judgement, the Group has assessed the impact of the matter and concluded that there is no material impact on the financial statements. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject.

v) Ritemed Pharma Retail Private Limited (merged with Optival Health Solutions Private Limited w.e.f. April 01, 2016), subsidiary company, had entered into the following transactions during the year ended March 31, 2011:

i) Purchase of goods aggregating to Rs.312.25 millions for the period May 7, 2010 to March 3, 2011 from the Optival Health Solutions Private Limited; and

ii) Purchase of goods and services aggregating to Rs.21.80 millions and sale of goods and services aggregating to Rs.15.15 millions for the period April 1, 2010 to March 3, 2011 from one of the covered entities - Optival Health Solutions Private Limited.

The above transactions require prior approval of the Central Government under the provisions of Section 297 of the Companies Act, 1956. The above transactions are part of normal business transactions at prevailing market prices. Ritemed Pharma Retail Private Limited, subsidiary company, has applied to the appropriate regulatory authorities for regularization on June 10, 2011. Management is confident that the penalties, if any, that may arise on account of such non-compliance will not be material.

vi) During the previous year, the Group has received Assessment order u/s.143(3) of Income tax Act, 1961 dated November 29, 2019 for the assessment year 2017-18 with an addition of Rs.420.37 Millions to the returned Income and a tax demand of Rs.192.54 millions on such addition. The addition made to returned Income is the difference between turnover reported in VAT returns and Sales as per financial statements.

As per the VAT laws of Karnataka, Turnover to be reported in the VAT returns is at maximum retail price (MRP) and whereas financials turnover will be at actual sale value. The above difference is due to reporting of Turnover in VAT Returns as per Local Laws and does not require addition to Income. Accordingly, the Group filed an appeal with CIT(Appeals) - Bengaluru on December 13, 2019, based on its internal assessment it is confident that the matter will be decided in its favor and no adjustment to the consolidated financial statement is required.

(All amounts are in Rs. in millions except as otherwise stated)

42. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondance with its customers the Entreprenuers Memorandum Number as allocated after filling the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2021,March 31, 2020 and March 31, 2019 has been made in the standalone financial statements based on information received and available with the Group. Further in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier under the said Act.

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
- Principal	2.31	14.96	4.25
- Interest	-	-	-
The amount of interest paid by the buyer as per the MSMED Act, 2006	-	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purposes of disallowances as a deductible expenditure under the MSM	-	-	-

Note : This information is required to be disclosed under the MSMED Act and has been determined to the extent such parties have been identified on the basis of information available with the Group and has been relied upon by the auditors.

43. Related party Disclosure

(a) Nature of relationship and names of related parties

(i) Parent

Gangadi Investments Private Limited (untill 05 February 2021)

(ii) Subsidiaries

1. Optival Health Solutions Private Limited
2. MHS Pharmaceuticals Private Limited
3. NovaSud Pharmaceuticals Private Limited (formerly known as Pan India Pharma Distributors Private Limited)
4. Agilemed Investments Private Limited (formerly known as Agilemed Investment Private Limited) (upto December 4, 2020)
5. Wynclark Pharmaceuticals Private Limited (formerly known as Medsupply Distributors Private Limited)
6. Kalyani Meditimes Private Limited
7. Sai Sridhar Pharma Private Limited – Subsidiary of Nova Sud Pharmaceuticals Private Limited
8. Venkata Krishna Enterprises Private Limited – Subsidiary of Nova Sud Pharmaceuticals Private Limited
9. Deccan Medisales Private Limited – Subsidiary of Nova Sud Pharmaceuticals Private Limited
10. Shri Banashankari Pharma Private Limited – Subsidiary of Nova Sud Pharmaceuticals Private Limited
11. Sidson Pharma Distributors Private Limited – Subsidiary of Nova Sud Pharmaceuticals Private Limited
12. ClearanceKart Private Limited (Incorporated on 09 March 2021)

(ii) Key management personnel

1. G. Madhukar Reddy – Managing Director
2. C. Bhaskar Reddy – Executive Director (untill 5 July 2021)
3. Murali Sivaraman - Independent Director (from 11 June 2021)
4. Madhavan Ganesan - Independent Director (from 11 June 2021)
5. Hiroo Mirchandani - Independent Director (from 5 July 2021)
6. Hemanth Kundavaram - Chief Financial Officer (from 2 January 2021)
7. Parag Jain- Company Secretary

(iii) Entities over which shareholders, key management personnel exercise control or significant influence

1. Hinshitsu Manufacturing Private Limited
2. Agilemed Investments Private Limited (formerly known as Agilemed Investment Private Limited) (from December 4, 2020)

(All amounts are in Rs. in millions except as otherwise stated)

43. Related party Disclosure (continued)

(b) Related party transactions during the year ended	**March 31,2021**	**March 31, 2020**	**March 31, 2019**
(i) Enterprises over which shareholders, key management personnel exercise control or significant influence			
Hinshitsu Manufacturing Private Limited			
Purchase of fixed assets	101.36	69.67	69.85
Rental income	1.01	1.40	1.22
Purchase of traded goods	28.74	14.01	-
Rental Expenses	-	0.41	0.06
Reimbursement of expenses to	0.35	0.72	1.33
Reimbursement of expenses by	-	0.10	-
Security deposit refund received	-	0.35	-
(ii) Key Management Personnel			
1. G. Madhukar Reddy			
a. Managerial remuneration			
Short-term employee benefits	4.00	4.00	4.00
b. Rent	2.84	2.75	2.49
c. Repayment of advance	-	-	0.03
2. C. Bhaskar Reddy			
a. Managerial remuneration			
Short-term employee benefits	7.78	7.31	6.70
Share based payments	91.01	-	4.90
3. Hemanth Kundavaram			
a. Managerial remuneration			
Short-term employee benefits	2.12	-	-
4. Parag Jain			
a. Managerial remuneration			
Short-term employee benefits	1.24	1.14	1.08

(v) refer note no 19 for disclosures relating to securities/guaranties given by related parties

(c) Balances outstanding as at debit/(credit)	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
(i) Key Management Personnel			
1. G. Madhukar Reddy	0.49	0.18	0.39
2. C. Bhaskar Reddy	-	(0.65)	(0.59)
(ii) Entities over which shareholders, key management personnel exercise control or significant influence			
1. Hinshitsu Manufacturing Private Limited	(0.87)	6.40	12.58
Guarantee outstanding on behalf of Optival Health Solutions Private Limited (refer note no. 41 (a)(ii))	1,850.00	1,775.00	1,050.00

(All amounts are in Rs. in millions except as otherwise stated)

43. Related party Disclosure (continued)

(d) Transactions within the Group (these transactions got eliminated in Restated Consolidated Financial Information)

	March 31,2021	March 31, 2020	March 31, 2019
(i) Transaction by the Company with other Group entities:			
1. Optival Health Solutions Private Limited			
Rental income	1.59	1.71	1.59
Rental expenses [including GST of Rs.0.44 millions (March 31,2020 : GST of Rs.0.31 millions	3.10	2.16	1.27
Guarantee given on behalf of (refer note no. 36)	75.00	725.00	1,050.00
Management services rendered	25.81	22.46	19.08
Investment in subsidiary	-	1,870.00	-
Share application money refunded			
Pathological Testing Services rendered	-	0.04	0.09
Brand Fee received	45.04	41.59	43.30
Reimbusresement of Expenses	0.76	-	-
Sale of traded goods (net of taxes)	154.69	-	-
Deemed investment			
Corporate Guarantee income	9.17	7.36	5.61
Share-based payment expense	235.32	0.76	13.60
2. MHS Pharmaceuticals Private Limited			
Management services rendered	0.48	0.54	0.54
Rental income	0.06	0.10	0.10
Rental expenses	2.98	-	-
Purchase consideration for business transfer pursuant to BTA	195.04	-	-
Purchase of Asset	3.28	-	-
Purchase of traded goods (net of taxes)	1.23	-	-
Investment in subsidiary	-	40.00	30.00
Share-based payment expense	1.79	-	0.12
3. Agilemed Investments Private Limited			
Rental income	0.02	0.02	0.02
Investment in subsidiary	0.82	-	-
Unsecured loan given and refund received	5.00	-	-
Interest on unsecured loan	0.09	-	-
Issue of bonus shares (series B1 CCPS)	61.07	-	-
5. Wynclark Pharmaceuticals Private Limited			
Management services rendered	0.20	-	-
Reimbursement of expenses to	0.02	0.02	0.02
Investment in subsidiary	10.00	5.00	-
6. Venkata Krishna Enterprises Private Limited			
Share-based payment expense	5.36	-	0.37
7. Kalyani Meditimes Private Limited			
Investment in subsidiary	7.50	22.30	-
Loan given and converted into equity shares	-	5.20	-
Unsecured loan given	4.50	-	-
Interest on unsecured loan	0.43	-	-
8. NovaSud Pharmaceuticals Private Limited			
Investment in subsidiary	5.00	-	-
9. Sidson Pharma Distributors Private Limited			
Unsecured loan extended	60.00	-	-
Unsecured loan received back	60.00	-	-
Interest on unsecured loan	0.99	-	-
10. Ritemed Pharma Retail Private Limited *			
Management services rendered	-	-	1.68
Rental income	-	-	0.05
Rental expenses	-	-	0.04
Pathological testing services rendered	-	-	0.01
Brand Fee received	-	-	5.26
Deemed investment			
Corporate Guarantee income	-	-	0.45
Share-based payment expense	-	-	2.94

*The Company was merged with Optival Health Solutions Private Limited w.e.f. April 01, 2016 based on the NCLT order received in 2018-19)

(All amounts are in Rs. in millions except as otherwise stated)

43. Related party Disclosure (continued)

(d) Transactions within the Group (these transactions got eliminated in Restated Consolidated Financial Information) (continued)

	March 31,2021	March 31, 2020	March 31, 2019
(ii) Transaction by Optival Health Solutions Private Limited with other Group entities:			
1.Wynclark Pharmaceuticals Private Limited			
Purchase of traded goods (net of taxes)	230.31	7.63	-
Reimbursement of expenses to	1.45	1.15	0.85
Rental income	0.19	0.09	0.02
2. MHS Pharmaceuticals Private Limited			
Purchase of traded goods (net of taxes)	705.36	670.53	564.75
Rental income	0.50	0.49	0.46
Purchase of maintenance Items	12.74	10.86	1.29
Purchase of Packing Material	-	0.51	-
Sale of Packing Material	-	0.04	0.01
3. Sai Sridhar Pharma Private Limited			
Purchase of traded goods (net of taxes) including goods in transit of Rs. Nil (March 31, 2020	2,587.04	2,235.54	1,844.37
Reimbursement of claims	49.11	38.15	35.24
Manpower deputation services rendered	0.39	0.84	0.87
4. Venkata Krishna Enterprises Private Limited			
Purchase of traded goods (net of taxes) including goods in transit of Rs. Nil (March 31, 2020	4,606.65	4,970.56	2,595.22
Reimbursement of claims	70.32	58.73	46.32
Manpower deputation services rendered	0.49	0.47	0.48
Sale of assets	-	0.18	-
5. Deccan Medisales Private Limited			
Purchase of traded goods (net of taxes) including goods in transit of Rs. Nil (March 31, 2020	1,197.32	1,314.03	1,457.10
Reimbursement of claims	32.49	28.08	30.53
Manpower deputation services rendered	1.31	1.25	1.17
6. Shri Banashankari Pharma Private Limited			
Purchase of traded goods (net of taxes)	23.63	97.58	338.70
Reimbursement of claims	1.29	4.84	10.27
7. Sidson Pharma Distributors Private Limited			
Purchase of traded goods (net of taxes) including purchase in transit of Rs. Nil (March 31, 2	1,160.20	1,471.09	661.19
Reimbursement of claims	22.59	18.09	6.87
Rent expense	0.19	-	-
8. Nova Sud Pharmaceuticals Private Limited			
Purchase of traded goods (net of taxes)	1.20	-	-
Rental Income	0.02	-	-
9. Agilemed Investment Private Limited			
Purchase of traded goods (net of taxes)	1.35	-	-
10. Kalyani Meditimes Private Limited			
Rent Income	0.01	-	-
(iii) Transaction by Wynclark Pharmaceuticals Private Limited with other Group entities:			
1. Sai Sridhar Pharma Private Limited			
Reimbursement of claims	0.21	0.23	0.25
(iv) Transaction by MHS Pharmaceuticals Private Limited with other Group entities:			
1. Sai Sridhar Pharma Private Limited			
Short term loan received back	-	-	10.00
Sale of traded goods	-	0.01	-
2. Venkata Krishna Enterprises			
Sale of traded goods	-	0.01	-
(v) Transaction by Nova Sud Pharmaceuticals Private Limited with other Group entities:			
1. Sidson Pharma Distributors Private Limited			
Rent expense (excluding GST)	-	0.01	0.03
2. Venkata Krishna Enterprises			
Rent expense (excluding GST)	0.02	0.01	-
(vi) Transaction by Sidson Pharma Distributors Private Limited with other Group entities:			
1. Sai Sridhar Pharma Private Limited			
Rental income	1.47	1.43	1.36
Reimbursement of expenses	0.19	0.21	0.24

(All amounts are in Rs. in millions except as otherwise stated)

43. Related party Disclosure (continued)

(e) Amounts due (to)/from related parties: (these transactions got eliminated in Restated Consolidated Financial Information)

	March 31,2021	March 31, 2020	March 31, 2019
(i) In the books of the Company:			
1. Optival Health Solutions Private Limited	114.76	7.26	20.50
2. Agilemed Investments Private Limited	0.01	0.80	0.77
3. MHS Pharmaceuticals Private Limited	(0.83)	0.01	0.12
4. Wynclark Pharmaceuticals Private Limited	0.13	0.02	-
5. Kalyani Meditimes Private Limited	4.50	-	-
(ii) In the books of the Optival Health Solutions Private Limited:			
Wynclark Pharmaceuticals Private Limited	(25.61)	(7.20)	(0.08)
MHS Pharmaceuticals Private Limited	(48.79)	(78.50)	(79.17)
Sai Sridhar Pharma Private Limited			
Trade payables	(135.33)	(293.40)	(53.87)
Claims receivable	10.57	7.73	8.20
Venkata Krishna Enterprises Private Limited *			
Trade payables	(221.39)	(405.46)	(138.40)
Claims receivable	0.82	2.32	5.77
Deccan Medicals Private Limited **			
Trade payables	(85.76)	(24.07)	(74.50)
Claims receivable	5.09	1.51	1.91
Shri Banashankari Pharma Private Limited			
Trade payables	(0.66)	(1.40)	(1.06)
Claims receivable	0.09	0.75	2.34
Sidson Pharma Distributors Private Limited			
Trade payables	(79.23)	(156.65)	(60.00)
Claims receivable	2.27	1.61	1.11
Nova Sud Pharmaceuticals Private Limited			
Trade payables	(1.35)	-	-

* Accrued discount of Rs 2.78 millions (March 31, 2020 : Rs 8.78 millions, 31 March 2019: Rs.7.60 millions) are not included.
** Accrued discount of Rs. Nil (March 31, 2020 : Rs 0.85 millions, 31 March 2019: Rs.1.47 millions) are not included.

	March 31,2021	March 31, 2020	March 31, 2019
(iii) In the books of the Wynclark Pharmaceuticals Private Limited:			
Sai Sridhar Pharma Private Limited	0.05	-	0.02
(iv) In the books of the Sidson Pharma Distributors Private Limited:			
Sai Sridhar Pharma Private Limited	-	0.15	-

The Holding Company subscribed to 9,999 shares of 10 each of ClearanceKart Private Limited, which was incorporated on 09 March 2021 under the Compnies Act,2013. The transfer of shares and consideration happened subsequent to the year end after 31 March 2021.

44. Fair Values

Refer Note 2.2(t) for accounting policy on Financial Instruments.

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

		Carrying value			Fair value		
		March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2021	March 31, 2020	March 31, 2019
Financial assets							
Financial assets at amortised cost:							
a)	Trade receivables	53.67	64.00	87.54	53.67	64.00	87.54
b)	Loans	-	-	-	-	-	-
c)	Cash and cash	1,068.16	1,139.16	250.83	1,068.16	1,139.16	250.83
d)	Bank balances other than above	117.79	267.76	248.24	117.79	267.76	248.24
e)	Others	910.23	582.10	479.34	910.23	582.10	479.34
Total Financial assets		**2,149.85**	**2,053.02**	**1,065.95**	**2,149.85**	**2,053.02**	**1,065.95**
Financial liabilities							
Financial liabilities at amortised cost:							
a)	Borrowings	1,352.35	1,050.51	1,044.02	1,352.35	1,050.51	1,044.02
b)	Trade payables	1,480.98	2,341.51	1,581.22	1,480.98	2,341.51	1,581.22
c)	Other financial Liabilities	384.93	451.51	292.75	384.93	451.51	292.75
d)	Lease liability	4,549.79	3,722.36	3,241.47	4,549.79	3,722.36	3,241.47
Total Financial Liabilities		**7,768.05**	**7,565.89**	**6,159.46**	**7,768.05**	**7,565.89**	**6,159.46**

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

45. Fair value hierarchy

The carrying amount of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(All amounts are in Rs. in millions except as otherwise stated)

46. Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include lease rental deposits, loans, trade receivables, cash and cash equivalents and other bank balances that derive directly from its operations.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors is responsible for overseeing the Group's risk assessment and management policies and processes.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the credit, interest rate, liquidity and other market changes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group has both fixed and floating rate of borrowings. The exposure to risk of changes in market interest rates in minimal. The Group has not used any interest rate derivatives.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	**Increase/decrease in profit before tax**		
	March 31, 2021	**March 31, 2020**	**March 31, 2019**
Change in interest rate			
- Increase by 50 basis points	3.71	5.28	3.60
- Decrease by 50 basis points	(3.71)	(5.28)	(3.60)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.

Trade and other receivables

The customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on the individual credit limits are defined in accordance with this assessment and outstanding customer receivables are regularly monitored. The Group's receivables turnover is quick and historically, there was no significant defaults on account of those customer in the past. Ind AS requires an entity to recognise in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with Ind AS 109.

The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. Expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs.53.67, Rs. 64.00 millions and Rs.87.54 millions as of March 31, 2021, March 31, 2020 and March 31, 2019 respectively, being the total of the carrying amount of balances with trade receivables.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	**Less than 180 days**	**More than 180 days**	**Total**
As at March 31, 2021	46.24	7.43	53.67
As at March 31, 2020	47.48	16.52	64.00
As at March 31, 2019	50.38	37.16	87.54

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables :

Particulars	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
At the beginning of the year	**27.47**	**7.23**	**7.74**
Provision for Impairment	0.29	21.49	1.58
Receivables written off during the year as uncollectible	(0.56)	(0.94)	(1.28)
Unused amounts reversed	(6.47)	(0.31)	(0.81)
At the end of the year	**20.73**	**27.47**	**7.23**

(All amounts are in Rs. in millions except as otherwise stated)

46. Financial risk management (continued)

Other financial instruments including cash deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the authorised person. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
March 31, 2021:				
Borrowings	1,352.35	-	-	1,352.35
Trade payables	1,480.98	-	-	1,480.98
Other financial liabilities	373.35	11.58	-	384.93
Lease liability	1,048.34	3,601.04	2,059.09	6,708.47
	4,255.02	**3,612.62**	**2,059.09**	**9,926.73**

Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
March 31, 2020:				
Borrowings	1,050.51	-	-	1,050.51
Trade payables	2,341.51	-	-	2,341.51
Other financial liabilities	437.21	14.30	-	451.51
Lease liability	850.41	2,830.43	1,842.32	5,523.16
	4,679.64	**2,844.73**	**1,842.32**	**9,366.69**

Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
March 31, 2019:				
Borrowings	1,044.02	-	-	1,044.02
Trade payables	1,581.22	-	-	1,581.22
Lease liability	754.74	2,493.49	1,605.79	4,854.01
Other financial liabilities	266.73	26.02	-	292.75
	3,646.71	**2,519.51**	**1,605.79**	**7,772.00**

(All amounts are in Rs. in millions except as otherwise stated)

47. Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group's monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings including interest accrued on borrowings less cash and short-term deposits.

	March 31, 2021	March 31, 2020	March 31, 2019
Borrowings including interest accrued on borrowings	1,352.35	1,050.51	1,044.02
Less: cash and cash equivalents	(1,068.16)	(1,139.16)	(250.83)
Net debt	**284.19**	**(88.65)**	**793.20**
Equity	4.48	1.94	1.94
Other Equity	7,301.05	5,276.08	2,911.43
Total Equity	**7,305.53**	**5,278.02**	**2,913.37**
Gearing ratio (Net Debt/ (Net Debt+Total Equity))	0.04	(0.02)	0.21

In order to achieve this overall objective, the Group’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021.

48. Details of CSR expenditure

	March 31, 2021	March 31, 2020	March 31, 2019
(a) Gross amount required to be spent by the Group during the year	4.18	4.12	4.07

	In Cash	Yet to be paid in cash	Total
(b) Amount spent during the year ending on March 31, 2021:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4.18	-	4.18
Amount spent during the year ending on March 31, 2020:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4.12	-	4.12
Amount spent during the year ending on March, 31 2019:			
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	4.07	-	4.07

Details of ongoing CSR projects under section 135(6) of the Act

		Amount
Balance as at April 1, 2020	With the Company	-
	In separate CSR unspent account	-
Amount required to be spent during the year		4.18
Amount spent during the year	From the Company's bank account	4.18
	From separate unspent CSR account	-
Balance as at March 31, 2021	With the Company	-
	In separate CSR unspent account	-
	Carry forward in CSR amount	-

(All amounts are in Rs. in millions except as otherwise stated)

49. Acquisition of subsidiary and non-controlling interests

On September 24, 2019, the Group acquired additional 29.88% of the voting rights and obtained control of board of directors of Kalyani Meditimes Private Limited ("Kalyani Meditimes") engaged in the business of development of healthcare software.The total investment by the Group in Kalyani Meditimes Private Limited as at 31 March 2021 stands at 65.53%.
Control over Kalyani Meditimes will enable the Group to technological advancements process through enhanced solutions in healthcare. The acquisition is expected to provide Group with an increased share of pharmacy market through access to Kalyani Meditimes customer base. The Group also expects to reduce costs through economies of scale.

Such business combination has been accounted for by the Group in accordance with Ind AS 103 - Business Combination as follows:
a) all assets and liabilities pertaining to Kalyani Meditimes transferred to the Company have been recorded at their fair values as at September 24, 2019;
b) the purchase consideration has been recorded at fair value; and
c) the difference between the purchase consideration and the net identifiable assets as per (a) above has been recorded as capital reserve.

The acquired business contributed revenues of Rs. 0.1 millions and loss before tax of Rs. 3.77 millions to the Group for the period September 24, 2019 to March 31, 2020. If the acquisitions had occurred on April 1, 2019, pro-forma revenue and loss before tax for the year ended March 31, 2020 would have been Rs. 0.1 millions and Rs. 14.27 respectively.

a) Identifiable assets acquired and liabilities assumed at fair values

The following table summarises the recognised fair value amounts of assets acquired and liabilities assumed as on date of acquisition:

Particulars	**Total**
Intangible assets	8.10
Intangible assets under development	19.14
Cash and bank equivalents	0.07
Other assets	0.61
Other current liabilities	(8.11)
Total net identifiable assets acquired	**19.81**

Measurement of fair values

Assets acquired	**Valuation techniques**
Intangible assets and Intangible assets under development	**Multi-Period Excess Earnings Method (MEEM):** The valuation of intangible asset and intangible assets under development under MEEM depends upon the projections of the future after-tax cash flows from the each identified individual intangible asset, rates of contributory asset charges, life of the each identified intangible asset and selection of the appropriate discount factor.

The fair value of Kalyani Meditimes's intangible assets has been determined by the Registered valuer vide their report dated October 15, 2019 basis the nature of business and provisional financial statements for the period ended September 23, 2019, projected financial information the period pertaining to FY 2020-2025 provided by the Management and also the market data pertaining to economy, industry and business management.

b) Recognition of capital reserve on bargain purchase

Capital reserve arising from the acquisition has been recognised as follows

Particulars		**Amount**
Consideration paid in cash		5.00
Less:		
Fair value of net identifiable assets acquired as on date of acquisition	19.81	
Non-controlling interest towards net identifiable assets on date of acquisition	(13.89)	5.92
Capital reserve		**(0.92)**

c) Acquisition of Non-Controlling Interest ("NCI")

Over the years 2019-20 and 2020-21, the Group acquired an 65.53% shareholding in Kalyani Meditimes for Rs. 35 millions ,

d) Movement in Non-Controlling Interest

Particulars	**Amount**
Non controlling interest on date of acquisition	13.89
Change in ownership interests in subsidiaries without loss of control	2.97
Share of profit for the period September 24, 2019 to March 31, 2020	(3.86)
Non controlling interest	**13.00**
Share of profit for the period ended 31 March 2021	**(7.49)**
Non controlling interest as at 31 March 2021	**5.49**

(All amounts are in Rs. in millions except as otherwise stated)

52. Agreement with Shareholders

(i) <u>During the year ended 31 March 2021:</u>

a. Shareholder agreement (SHA) and Share Subscription Agreements (SSA)

Pursuant to a Shareholders Agreement (SHA) dated 24 December 2020 entered into with Agilemed Investments Private Limited, Lone Furrow Investments Private Limited, PI Opportunities Fund - I (PI), S.S. Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Private Limited, Lavender Rose Investments Limited, the Promoters and the Existing Share holders and the Share Subscription Agreement (SSA) dated 24 December 2020 entered into with Lavender Rose Investments Limited ('Investor'), Gangadi Investments Private Limited (Promoter 2), G Madhukar Reddy (Promoter 1), Agilemed Investments Private Limited and Lone Furrow Investments Private Limited and the Share Subscription Agreement (SSA) dated 24 December 2020 entered into with PI Opportunities Fund - I (PI) ('Investor'), Gangadi Investments Private Limited (Promoter 2), G Madhukar Reddy (Promoter 1), Agilemed Investments Private Limited and Lone Furrow Investments Private Limited, the company issued 560,896 0.001% Series C1 Compulsorily Convertible Preference Shares (CCPS) to Lavender Rose Investments Limited on 9 February 2021 and 160,147 0.001% Series C2 Compulsorily Convertible Preference Shares (CCPS) to PI on 9 February 2021 on a private placement basis as per the provisions of Section 42 of the Companies Act, 2013. Consequent to such issue of shares, the Company received Rs. 777.90 million and Rs.222.10 million, respectively, the details of which are included in the table below:

Sl No	Type of share	Face value per share	Issue price per share	Premium on issue per share	No of Shares	Total amount (INR in million)
1	CCPS Series C1	20.00	1,386.88	1,366.88	560,896	777.90
2	CCPS Series C2	20.00	1,386.88	1,366.88	160,147	222.10
						1,000.00

Of the above proceeds, the company has utilised Rs. 60.00 million towards repayment of loan, Rs. 30.14 million towards expenses incurred for issuance of the CCPS, Rs. 7.00 million towards investment in subsidiaries and Rs. 56.86 million towards general business purposes. As at March 31, 2021, the unutilised amount of Rs. 846.00 million has been placed in fixed deposits with banks.

Pursuant to a Shareholders Agreement (SHA) dated 24 December 2020 entered into with Agilemed Investments Private Limited, Lone Furrow Investments Private Limited, PI Opportunities Fund - I (PI), S.S. Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Private Limited, Lavender Rose Investments Limited, the Promoters and the Existing Share holders, the conversion ratio of all the different series of CCPS i.e., Series A, Series B, Series B1, Series B2, Series C1 and Series C2 has been effectively determined on an overall basis at 1 equity share for each CCPS held with different coversion ratio's within different series basis the conversion events. Accordingly, the Series B, B1, B2 CCPS issued as bonus shares during the year and the CCPS issued under Series C1 and C2 and covered under the SHA were classified as equity at their transaction values as at the transaction date.

(ii) <u>During the year ended 31 March 2020:</u>

a. Shareholder agreement -1 (SHA 1) and Share Subscription Agreement (SSA 1)

Pursuant to a Shareholders Agreement (SHA) and Share Subscription Agreement (SSA) dated 22nd February 2019 entered into with Gangadi Investments Private Limited (the Holding company), G Madhukar Reddy (Promoter) and PI Opportunities Fund - I (PI), the company issued 100 equity shares and 30,747 0.001% Series A Compulsorily Convertible Preference Shares (CCPS) to PI on April, 10 2019 on a private placement basis as per the provisions of Section 42 of the Companies Act, 2013. Consequent to such issue of shares, the Company received Rs. 2,045 million the details of which are included in the table below:

Sl No	Type of share	Face value per share	Issue price per share	Premium on issue per share	No of Shares	Total amount (INR in million)
1	Equity shares	10.00	66,295.10	66,285.10	100	6.63
2	CCPS	20.00	66,295.10	66,275.10	30,747	2,038.37
						2,045.00

Of the above proceeds, the Company has utilised Rs. 1,890 million towards investments in its subsidiary companies and Rs. 55 million towards working capital and other requirements. As at March 31, 2020, the unutilised amount of Rs. 100 million has been placed in fixed deposits with a bank.

b Supplemental Shareholder agreement -2 (SSHA 2) and Share Subscription Agreement - 2 (SSA 2)

Pursuant to a Shareholders agreement dated 24 December 2019 entered into between the Holding Company, G Madhukar Reddy (Promoter), PI, S S Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Limited and the Company, the holding company has sold 28,399 shares held in the Company to above mentioned parties for an aggregate sale consideration of Rs 2,180.05 million (i.e., @ Rs 76,765 per share), the details of which are given in the table below. Pursuant to the above transaction, the holding company holds 119,039 (March 31, 2019: 147,438) equity shares in the Company representing 58.43% (March 31, 2019: 72.40%) of equity share capital of the Company.

Type	Name of Investors to whom shares were sold by the holding company	Selling price per share (Rs. per share)	No of Shares	Total amount (INR in million)
Equity	PI Opportunities fund	76,765	21,233	1,629.95
Equity	S S Pharma LLC	76,765	4,012	307.98
Equity	Shore Pharma LLC	76,765	1,199	92.04
Equity	Natco Pharma Limited	76,765	978	75.08
Equity	Time Cap Pharma Labs Limited	76,765	977	75.00
			28,399	**2,180.05**

(All amounts are in Rs. in millions except as otherwise stated)

50. Segment information

Segments are identified in line with Indian Accounting Standard (Ind AS) 108 “Segment Reporting”, taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision maker (CODM).The Managing Director is the Group CODM within the meaning of Ind AS 108.
During the year, the Group had three primary segments i.e. (i) retail trading of medicines and general items, (ii) wholesale cash and carry, and (iii) pathological testing services.

	2020-21					**2019-20**					**2018-19**				
	Wholesale	**Retail**	**Pathology testing services**	**Unallocated**	**Total**	**Wholesale**	**Retail**	**Pathology testing services**	**Unallocated**	**Total**	**Wholesale**	**Retail**	**Pathology testing services**	**Unallocated**	**Total**
REVENUE															
External sales	123.93	30,361.05	22.77	-	**30,507.75**	166.67	28,317.85	28.00	-	**28,512.52**	184.05	22,379.44	25.24	-	**22,588.73**
Inter-segment sales	10,402.47	71.53			**10,474.00**	10,515.84	64.58	0.04	-	10,580.46	7,299.02	69.96		-	7,368.98
Total revenue	**10,526.40**	**30,432.58**	**22.77**	**-**	40,981.75	**10,682.51**	**28,382.43**	**28.04**	**-**	39,092.98	**7,483.07**	**22,449.40**	**25.24**	**-**	29,957.71
Less: Eliminations	(10,402.47)	(71.53)	-		**(10,474.00)**	(10,515.84)	(64.58)	(0.04)		**(10,580.46)**	(7,299.02)	(69.96)	-	-	**(7,368.98)**
Other operating revenue	-	184.94	-		**184.94**		193.51			**193.51**	-	138.64	-	-	**138.64**
Total Revenue from operations	**123.93**	**30,545.99**	**22.77**	**-**	**30,692.69**	**166.67**	**28,511.36**	**28.00**	**-**	**28,706.03**	**184.05**	**22,518.08**	**25.24**	**-**	**22,727.37**
RESULT															
Segment results	2.88	1,455.11	(10.46)		**1,447.53**	5.74	1,019.17	(19.19)		**1,005.71**	5.43	706.03	(19.53)	-	**691.93**
Uallocated expeses				(26.05)	**(26.05)**				(330.10)	**(330.10)**					
Interest expense	-	(544.14)	(4.31)	-	**(548.45)**		(465.27)	(2.69)		**(467.96)**	-	(497.75)	(2.28)	-	**(500.03)**
Interest income	-	69.73	0.86	7.35	**77.94**		76.68	2.42	6.84	**85.94**	-	33.73	1.63	0.24	**35.60**
Profit before tax					**950.98**					**293.59**					**227.51**
Tax expenses					(319.87)					**(275.65)**					**(108.29)**
Minority interest					7.49					**3.86**					**0.01**
Other Comprehensive Income					9.33					**(23.30)**					**(14.41)**
Profit for the year					**647.93**					**(1.50)**					**104.81**
OTHER INFORMATION															
Segment assets	38.93	13,669.77	75.80	1,872.07	**15,656.58**	207.13	12,201.72	46.48	1,031.63	**13,486.96**	63.84	8,467.90	28.97	1,026.40	**9,587.11**
Total assets					**15,656.58**					**13,486.96**					**9,587.11**
Segment liabilities	-	8,278.92	53.59	13.06	**8,345.56**	-	8,110.62	48.01	37.30	**8,195.94**		6,587.18	82.90	3.50	**6,673.59**
Total liabilities					**8,345.56**					**8,195.94**					**6,673.59**
Capital expenditure	-	388.51	10.77	143.30	**542.58**	-	301.25	0.86	-	**302.11**		216.68	0.88	-	**217.56**
Depreciation and amortization expense	-	878.39	4.31	-	**882.70**	-	743.55	4.52	-	**748.07**	-	581.85	4.08	-	**585.93**
Non-cash expenses other than depreciation	-	1,020.50	3.07	-	**1,023.56**		594.16	3.63	322.97	**920.76**		441.90	2.84		**444.74**

(A) Analysis of revenue by geography

The Group operates within India and does not have operations in economic environments with different risks and returns. Hence, no separate financial disclosures are provided in respect of its geographical segment.

(B) Information about revenue from major customers which is included in revenue

There is no transactions with single external customer which amounts to 10% or more of the Group's revenue.

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VII
Notes to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)

51. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013 - General instructions for the preparation of consolidated financial statements

Name of the Entity	Net Assets i.e., Total Assets minus total liabilities		Share in profit and loss		Share in Other Comrehensive Income		Share in Total Comrehensive Income	
	% of Net of Consolidated Net Assets	Rs. Millions	% of Net of Consolidated profit & Loss	Rs. Millions	% of Other Comprehensive Income	Rs. Millions	% of Total Comprehensive Income	Rs. Millions
Parent								
MedPlus Health Services Private Limited								
Balance as at March 31, 2021	70.83%	5,174.80	-20.90%	(131.89)	31.19%	2.91	-20.14%	(128.98)
Balance as at March 31, 2020	74.21%	3,916.61	-1677.12%	(300.88)	2.92%	(0.68)	5626.03%	(301.56)
Balance as at March 31, 2019	63.57%	1,852.07	-21.55%	(25.69)	5.41%	(0.78)	-25.26%	(26.47)
Subsidiaries								
Optival Health Solutions Private Limited ('OHSPL')								
Balance as at March 31, 2021	71.96%	5,256.79	87.11%	549.76	67.31%	6.28	86.82%	556.04
Balance as at March 31, 2020	84.60%	4,465.43	748.44%	134.27	93.22%	(21.72)	-2099.81%	112.55
Balance as at March 31, 2019	96.52%	2,812.07	48.44%	57.75	92.51%	(13.33)	42.38%	44.42
MHS Pharmaceuticals Private Limited ('MHS')								
Balance as at March 31, 2021	3.04%	222.01	6.97%	44.01	-4.39%	(0.41)	6.81%	43.60
Balance as at March 31, 2020	3.49%	184.24	206.13%	36.98	1.33%	(0.31)	-684.14%	36.67
Balance as at March 31, 2019	3.83%	111.69	19.44%	23.17	1.46%	(0.21)	21.91%	22.96
Agilemed Investment Private Limited (formerly known as Ritecure Pharma Private Limited) ('APPL')								
Balance as at March 31, 2021	0.00%	0.01	0.02%	0.13	-	-	0.02%	0.13
Balance as at March 31, 2020	-0.02%	(0.94)	-0.39%	(0.07)	-	-	1.31%	(0.07)
Balance as at March 31, 2019	-0.03%	(0.87)	-0.06%	(0.07)	-	-	-0.07%	(0.07)
Wynclark Pharmaceuticals Private Limited (formerly known as Medsupply Distributors Private Limited)('WPPL')								
Balance as at March 31, 2021	0.63%	45.95	4.72%	29.80	0.00%	-	4.65%	29.80
Balance as at March 31, 2020	0.12%	6.15	3.68%	0.66	0.00%	-	-12.31%	0.66
Balance as at March 31, 2019	0.02%	0.49	-0.97%	(1.16)	0.00%	-	-1.11%	(1.16)
Nova Sud Pharmaceuticals Private Limited (formerly known as PanIndia Pharma Distributors Private Limited)('NPPL')								
Balance as at March 31, 2021	0.86%	62.75	-0.16%	(0.99)	-	-	-0.15%	(0.99)
Balance as at March 31, 2020	1.11%	58.73	-1.73%	(0.31)	-	-	5.78%	(0.31)
Balance as at March 31, 2019	2.03%	59.04	-0.07%	(0.08)	-	-	-0.08%	(0.08)
Sai Sridhar Pharma Private Limited ('SSPPL')								
Balance as at March 31, 2021	1.20%	87.94	3.47%	21.91	1.07%	0.10	3.44%	22.01
Balance as at March 31, 2020	1.25%	65.93	110.42%	19.81	1.20%	(0.28)	-364.37%	19.53
Balance as at March 31, 2019	1.62%	47.13	11.11%	13.24	-0.07%	0.01	12.64%	13.25
Venkata Krishna Enterprises Private Limited ('VKEPL')								
Balance as at March 31, 2021	1.87%	136.69	5.21%	32.88	0.86%	0.08	5.15%	32.96
Balance as at March 31, 2020	1.86%	98.37	237.18%	42.55	0.94%	(0.22)	-789.74%	42.33
Balance as at March 31, 2019	1.94%	56.45	14.26%	17.00	0.62%	(0.09)	16.13%	16.91

MedPlus Health Services Limited (formerly known as MedPlus Health Services Private Limited)
Annexure- VII
Notes to Restated Consolidated Financial Information
(All amounts are in Rs. in millions except as otherwise stated)

51. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013 - General instructions for the preparation of consolidated financial statements

Name of the Entity	Net Assets i.e., Total Assets minus total liabilities		Share in profit and loss		Share in Other Comrehensive Income		Share in Total Comrehensive Income	
	% of Net of Consolidated Net Assets	Rs. Millions	% of Net of Consolidated profit & Loss	Rs. Millions	% of Other Comprehensive Income	Rs. Millions	% of Total Comprehensive Income	Rs. Millions
Deccan Medisales Private Limited ('DMPL')								
Balance as at March 31, 2021	0.73%	53.29	1.10%	6.92	2.57%	0.24	1.12%	7.16
Balance as at March 31, 2020	0.87%	46.13	54.57%	9.79	0.56%	(0.13)	-180.22%	9.66
Balance as at March 31, 2019	1.31%	38.04	9.40%	11.21	0.07%	(0.01)	10.69%	11.20
Shri Banashankari Pharma Private Limited ('SBPPL')								
Balance as at March 31, 2021	0.02%	1.82	-0.17%	(1.08)	0.00%	0.00	-0.17%	(1.08)
Balance as at March 31, 2020	0.05%	2.90	-6.08%	(1.09)	-0.39%	0.09	18.66%	(1.00)
Balance as at March 31, 2019	0.15%	4.32	0.75%	0.90	0.14%	(0.02)	0.84%	0.88
Sidson Pharma Distributors Private Limited ("SPDPL')								
Balance as at March 31, 2021	0.59%	43.07	1.72%	10.88	2.14%	0.20	1.73%	11.08
Balance as at March 31, 2020	0.61%	31.99	76.76%	13.77	0.17%	(0.04)	-256.16%	13.73
Balance as at March 31, 2019	0.70%	20.33	3.23%	3.85	-0.21%	0.03	3.70%	3.88
Kalyani Meditimes Private Limited ('KMT')								
Balance as at March 31, 2021	0.24%	17.29	-3.44%	(21.69)	- 0.01	- 0.06	-3.40%	(21.75)
Balance as at March 31, 2020	0.60%	31.52	-42.52%	(7.63)	-	-	142.31%	(7.63)
Balance as at March 31, 2019	-	-	-	-	-	-	-	-
ClearanceKart Private Limited*								
Balance as at March 31, 2021	0.00%	0.00	0.00%	0.00	0.00	0.00	0.00%	0.00
Balance as at March 31, 2020	0.00%	0.00	0.00%	0.00	0.00	0.00	0.00%	0.00
Balance as at March 31, 2019	0.00%	0.00	0.00%	0.00	0.00	0.00	0.00%	0.00
Minority interests in all subsidiaries								
Balance as at March 31, 2021	0.08%	5.49	-1.19%	(7.49)	-	-	-1.17%	(7.49)
Balance as at March 31, 2020	0.25%	13.00	-21.52%	(3.86)	-	-	72.01%	(3.86)
Balance as at March 31, 2019	0.01%	0.16	0.01%	0.01	0.00%	0.00	0.01%	0.01
Consolidation adjustments								
Balance as at March 31, 2021	-52.05%	(3,802.35)	15.52%	97.97	-0.11%	(0.01)	15.30%	97.96
Balance as at March 31, 2020	-69.00%	(3,642.05)	412.17%	73.94	0.04%	(0.01)	-1379.34%	73.93
Balance as at March 31, 2019	-71.65%	(2,087.55)	16.01%	19.09	0.07%	(0.01)	18.20%	19.08
Total								
Balance as at March 31, 2021	100.00%	7,305.53	100.00%	631.11	100.00%	9.33	100.00%	640.44
Balance as at March 31, 2020	100.00%	5,278.02	100.00%	17.94	100.00%	(23.30)	100.00%	(5.36)
Balance as at March 31, 2019	100.00%	2,913.37	100.00%	119.22	100.00%	(14.41)	100.00%	104.81

Notes

1) Net assets means total assets minus total liabilities excluding shareholders funds. Net assets and share in profit or loss for the parent company and subsidiaries are as per the standalone financials of the respective entities.

2) The disclosure as above represents separate information for each of the consolidated entities before elimination of inter–company transactions. The net impacts on elimination of inter–company transactions/profits/consolidation adjustments have been disclosed separately.

*The Holding Company subscribed to 9,999 shares of 10 each of ClearanceKart Private Limited, which was incorporated on 09 March 2021 under the Compnies Act,2013. The transfer of shares and consideration happened subsequent to the year end after 31 March 2021.

52. Agreement with Shareholders (continued)

c. Amendment to SHA 1 and SSHA 2 dated December 29, 2019

The SHA 1 and SHA 2 referred to in paragraphs (a) and (b) above had a buy back obligation on the Company pursuant to which the Company was obligated to buy back all the equity shares and CCPS covered under SHA 1 and SSHA 2 in case the investors were not able to get an exit as per the terms of those agreements. Further, as per the terms of SHA 1, the conversion ratio of CCPS into equity shares were subject to variability based on certain performance criteria laid out in the agreements.

Pursuant to these clauses, all the above equity shares and CCPS were treated as a financial liability and were carried at fair value through profit and loss in accordance with the requirements of Ind AS 32 on Financial Instruments - Presentation.

On December 29, 2019, the deeds of amendment was executed between PI Opportunities Fund- I, SS Pharma LLC, Shore Pharma LLC, Natco Pharma Limited,Time Cap Pharma Labs Limited, Existing shareholders (together referred to as investors), the Holding company, the promoter and the Company to modify certain terms of SHA 1 and SSHA 2. Pursuant to such deeds of amendment, the buy back obligation on the company has been eliminated and the investors no longer have the right to obligate the Company to buy back equity shares including CCPS under any circumstances.

Further the conversion ratio of CCPS has been effectively determined at 1 equity share for each CCPS held by PI. Accordingly, the equity shares and CCPS covered under the SHA 1 and SSHA 2 were reclassified to equity on December 29, 2019 at their fair value as at that date. The movement in fair value of the liability from the date of issue/sale of the equity shares and issue of CCPS upto the date of such reclassification to equity i.e. December 29, 2019 amounting to Rs. 322.97 millions has been accounted for in the Consolidated Statement of Profit and Loss.

53. Impact of COVID-19:

The management believes that the outbreak of COVID pandemic does not have any significant impact on the future operations of the Company since it provides essential services i.e., trading of medicines and general items. Accordingly, the Group continues to prepare the consolidated financial statements on a going concern basis. Basis management's current assessment, it does not expect any adjustments to the carrying amounts of inventories, tangible assets, intangible assets, goodwill, trade receivables and other financial assets on account of the current economic situation. The eventual outcome of the impact of this global health pandemic may be different from those estimated as on the date of approval of these consolidated financial statements.

54. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

55. The Group has a process whereby periodically all long-term contracts including derivative contracts are assessed for material foreseeable losses. At the year end, the Grouo does not have any has long term contracts or derivative contracts on which material foreseeable losses were noted.

56. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

57. Subsequent to balance sheet date, the Holding Company has split its equity shares from face value of INR 10 to INR 2.

As per our report of even date

For B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number 116231W/W-100024

Arpan Jain
Partner
Membership Number: 125710

Place: Hyderabad
Date:03 August 2021

For and on behalf of the Board of Directors of
MedPlus Health Services Limited
CIN: U85110TG2006PLC051845

G.Madhukar Reddy
Managing Director
DIN: 00098097

Atul Gupta
Director
DIN: 06940578

Parag Jain
Company Secretary
Membership No: F10498

Hemanth Kundavaram
Chief Financial Officer

Place: Hyderabad
Date: 03 August 2021

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019
Restated profit for the year attributable to the owners of the company (A) (₹ in million)	638.58	21.80	119.21
Weighted average number of shares in calculating basic EPS (B)	20,839,614	20,738,107	20,708,019
Weighted average number of shares in calculating diluted EPS (C)	21,731,938	21,630,431	21,600,343
Basic Earnings per share (in Rs.) (D = A/B)	30.64	1.05	5.76
Diluted Earnings per share (in Rs.) (E = A/C)	29.38	1.01	5.52
Equity attributable to the owners of the company (A) (₹ in million)	7,305.53	5,278.02	2,913.37
Restated profit for the year attributable to the owners of the company (B) (Rs. in million)	638.58	21.80	119.21
Return on net worth (C = B/A)	8.74%	0.41%	4.09%
Equity attributable to the owners of the company (A) (₹ in million)	7,305.53	5,278.02	2913.37
Weighted average number of shares in calculating basic EPS (B)	20,839,614	20,738,107	20,708.019
Weighted average number of shares in calculating diluted EPS (C)	21,731,938	21,630,431	21,600,343
Net Asset Value per Share (basic) (D = A/B) (in Rs.)	350.56	254.51	140.69
Net Asset Value per Share (diluted) (E = A/C) (in Rs.)	336.17	244.01	134.88
EBITDA (₹ in million)	2,382.13	1,509.62	1,313.47
EBITDA Margin	7.76%	5.26%	5.78%
Adjusted EBITDA (Rs. In million)	**2,703.79**	**1,747.41**	**1,304.34**
Adjusted EBITDA Margin	**8.81%**	**6.09%**	**5.74%**

The ratios have been computed as under:

(i) *Basic and diluted earnings/ (loss) per share: Basic and diluted earnings/ (loss) per share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*

Basic earnings per share is calculated as Restated profit for the year/period attributable to shareholders divided by weighted average number of shares in calculating basic EPS.

Diluted earnings per share is calculated as Restated profit for the year/period attributable to shareholders divided by Weighted average number of diluted shares in calculating diluted EPS.

(ii) *Weighted Average Number of Shares is the number of shares outstanding at the beginning of the year adjusted by the number of shares issued during the year multiplied by the time weighting factor.*

(iii) *Return on Net Worth ratio: Restated Profit for the year attributable to owners of the company divided by the Total Equity attributable to the owners of the company at the end of the year*

(iv) *EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortization expenses and finance costs while EBITDA Margin is the percentage of EBITDA divided by revenue from operation. EBITDA is computed without reducing Amortization of right of use assets and interest on lease liability amounting to Rs. 1,173.81, Rs 991.58, Rs 785.09 for the financial year ended 31 March 2021, 2020 and 2019 respectively*

(v) *Net asset value per share is calculated as Restated total equity attributable to the owners of the company at the end of the year divided by weighted average number of shares.*

(vi) *Adjusted EBITDA is calculated as EBITDA minus payment of interest income, plus Net loss on fair value changes and Employees stock option compensation expenses.*

The reconciliation to EBITDA, Adjusted EBITDA, EBITDA Margin and Adjusted EBITDA Margin is as follows:

Particulars	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019
Profit for the year (A)	631.11	17.94	119.22
Add: Total tax expenses (B)	319.87	275.65	108.29
Add: Depreciation and amortisation expense (C)	882.70	748.07	585.93
Add: Finance costs (D)	548.45	467.96	500.03
EBITDA (E = A+ B + C+D)	**2,382.13**	**1,509.62**	**1,313.47**
Revenue from operations (F)	30,692.69	28,706.03	22,727.37
EBITDA Margin (G = E/F)	**7.76%**	**5.26%**	**5.78%**
EBITDA (E)	2,382.13	1,509.62	1,313.47
Add: Employees stock option compensation expense (H)	399.60	0.76	26.47
Add: Net loss on fair value changes (I)	-	322.97	-

Less: Interest income on bank deposits (J)	(36.08)	(52.76)	(15.33)
Less: Interest income on others (K)	(41.86)	(33.18)	(20.27)
Adjusted EBITDA (L = E+H+I-J-K)	**2,703.79**	**1,747.41**	**1,304.34**
Adjusted EBITDA Margin (M= L/F)	**8.81%**	**6.09%**	**5.74%**

The above ratios have been computed on the basis of the Restated Financial Statements for financial year ending March 31, 2021, March 31, 2020, and March 31, 2019.

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 (collectively, the "**Audited Financial Statements**") are available on our website at www.medplusindia.com/financials.jsp. Further, the audited standalone financial statements of our Material Subsidiaries, Optival are available at www.medplusindia.com/financials.jsp

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision.

None of our Company or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 'Related Party Disclosures' for the for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, and as reported in the Restated Consolidated Financial Information, see "*Financial Statements – Financial Statements – Annexure VII – Note 43:* **-** *Notes to Restated Consolidated Financial Information – Related Party Disclosures*" on page 242.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the Restated Financial Information included herein as of and for the financial years ended March 31, 2021, 2020 and 2019, including the related notes, schedules and annexures. The Restated Financial Information has been prepared in accordance with Ind AS. Ind AS differs in certain material respects from IFRS and US GAAP. See "Risk Factors – External Risk Factors – Risks Related to India – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition." on page 45.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Financial Information or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorizations to enable a consistent representation of our business. Such information may vary from similar information publicly disclosed by us in compliance with applicable regulations in India. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Financial Information and other information relating to our business and operations included in this Draft Red Herring Prospectus.

Unless otherwise indicated, the industry-related information contained in this Draft Red Herring Prospectus is derived from the Technopak Report dated August 12, 2021 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged Technopak Advisors Pvt. Ltd., in connection with the preparation of the Technopak Report on June 10, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Technopak Report and included herein with respect to any particular year refers to such information for the relevant financial year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 23 and 25, respectively.

Overview

We are the second largest pharmacy retailer in India, in terms of (i) revenue from operations for the financial year 2021, and (ii) number of stores as of March 31, 2021, according to the Technopak Report. We offer a wide range of products, including (i) pharmaceutical and wellness products, including medicines, vitamins, medical devices and test kits, and (ii) fast-moving consumer goods, such as home and personal care products, including toiletries, baby care products, soaps and detergents, and sanitizers. Our Company was founded in 2006 by Gangadi Madhukar Reddy, our Managing Director and Chief Executive Officer, with the vision to set up a trusted pharmacy retail brand that offers genuine medicines and delivers better value to the customer by reducing inefficiencies in the supply chain using technology.

We have maintained a strong focus on scaling up our store network, having grown from operating our initial 48 stores in Hyderabad at the conception of our business to operating India's second largest pharmacy retail network of over 2,000 stores distributed across Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Odisha, West Bengal and Maharashtra, as of March 31, 2021, according to the Technopak Report. Stemming from our focus on growing and achieving leadership in the key cities where we operate, for the financial year 2021, our share of the organized pharmacy retail market, based on revenue from operations, in Chennai, Bangalore, Hyderabad and Kolkata stood at approximately 30%, 29%, 30% and 22%, respectively, according to the Technopak report. Our number of stores has grown since the conception of our business and, as of June 30, 2021, we operated 520 stores in Karnataka, 458 stores in Tamil Nadu, 443 stores in Telangana, 274 stores in Andhra Pradesh, 201 stores in West Bengal, 186 stores in Maharashtra and 83 stores in Odisha. We have continued to expand our store footprint in key cities where we operate and, between March 31, 2010 and June 30, 2021, our number of stores in Chennai grew over four-fold from 62 to 293 stores, our number of stores in Bangalore grew three-fold from 110 to 331 stores, our number of stores in Hyderabad grew over two-fold from 141 to 309 stores, and our number of stores in Kolkata grew over eight-fold from 22 to 201 stores. In terms of number of stores as of March 31, 2021, we ranked 1st in Chennai and Bangalore, and 2nd in Hyderabad and Kolkata, according to the Technopak report.

We employ a data analytics driven cluster-based approach to our store network expansion, whereby we first achieve high store density in a densely-populated residential area within a target city before expanding our store network in the surrounding areas within that city, followed by expansion into other adjacent cities. Our cluster-based approach to store network expansion is also driven by our understanding of the catchment demographics, market dynamics, and our ability to support store expansion with back-end infrastructure, such as warehouses and distribution centres. We believe that this approach and understanding allow us to (i) create brand visibility within the cities where we operate, through focused implementation of marketing and advertising initiatives, (ii) increase our market share in the cities where we operate, (iii) replicate our growth model in adjacent under-served cities and towns, as we develop our presence in those clusters, and (iv) generate cost efficiencies due to operating leverage achieved in our supply chain and inventory management. We have a streamlined and methodical store opening process, and dedicated operations and business development teams at the area, city and state levels that would vet and approve the opening of new stores.

Our cluster-based expansion approach and replicable store roll-out strategy have allowed us to achieve and maintain attractive and healthy store level economics. According to the Technopak Report, for the financial year 2021, our average revenue per store was approximately ₹15.9 million, as compared to the average revenue per store in the domestic pharmacy retail industry of approximately ₹2.3 million. Between the April 1, 2018 and the March 31, 2021, we opened an aggregate of 882 new stores and over 60.0% and 75.0% of our new stores achieved a positive Store Level Operating EBITDA within the first three months and first six months of operations, respectively. Further, as of March 31, 2021, our Mature Stores had a median payback period of less than 3 years and demonstrated a compounded average same store sales growth of 8.3% on maximum retail price ("**MRP**") from financial year 2019 to financial year 2021. For the financial year 2021, our Store Level Operating EBITDA Margin for Mature Stores was 11.0%, and our Store Level Operating ROCE for Mature Stores for the same period was over 60%.

We are the first pharmacy retailer in India to offer an omni-channel platform, according to the Technopak Report. Commencing in 2015, our customers could either visit our stores or access our offerings online, through our website and mobile application. Through this omni-channel model, we seek to (i) deepen and extend our customer reach for each of our stores, (ii) enhance "convenience" as a core customer value proposition, and (iii) retain customers within our ecosystem. Accordingly, our customers have multiple options to transact with us, including (a) purchasing products at one of our stores, or (b) placing an order through a telephone call to receive delivery of their purchased products, or (c) placing an order online to receive delivery of their purchased products, or (d) "Click and Pick", by placing an order online and picking up their purchased products from one of our stores. We started actively focussing on online sales in the financial year 2020. Over the last two years, revenue from our online sales channel has steadily increased and for the financial year 2021 and 2020, accounted for 8.98%, and 6.99% of our total revenue from operations, respectively. As part of our focus on "speed" and "convenience" as a customer value proposition for customers who place an order online to receive delivery of their purchased products, we offer delivery for online purchases in the cities in which we have stores, leveraging our dense store network for last-mile delivery from our stores. Further, with our wholly-managed and operated last-mile delivery infrastructure from our stores, we are now able to deliver our customers' online purchases within two hours of purchase in select cities of Hyderabad, Bangalore, Kolkata, Pune and Nagpur. These services were started in the financial year 2021, and recent pilots conducted in July, 2021, have showed promising results where 93% of online delivery purchases were delivered within two hours in select micro-markets of Hyderabad. We expect to expand our ability to deliver online purchases within two hours of purchase in cities such as Chennai and Mumbai by December 31, 2021.

Our business operations across the entire value chain are backward integrated and are wholly-managed and operated by us. Our operations are supported by our technology-driven supply chain and distribution infrastructure, organized in a hub-and-spoke model, which we believe provides us with a strong foundation and significant leverage to continue to scale our business. Our entire business value chain, from sourcing of products, to warehousing, to distribution to our stores, to store operations and interfacing with customers, and to last mile delivery, is supported by our integrated technology infrastructure, which we have developed in-house. As of June 30, 2021, we have a primary warehouse, in each of Bangalore, Chennai, Hyderabad, Vijayawada, Kolkata, Pune, Bhubaneshwar, Mumbai and Nagpur. These warehouses are supported by smaller warehouses in cities where we have higher store density. These technologically enabled warehouses form hubs for our stores, and our stores' inventories are replenished through our centralized inventory management system, which is capable of tracking the sales and inventory levels at our stores and warehouses in real-time. We manage our fleet of vehicles and delivery personnel to facilitate the transportation of inventory between our warehouses and stores, generally providing for daily inventory replenishment for our stores located in densely populated metropolitan areas and thrice per week for stores in other cities. Our supply chain is supported by an algorithm driven automated replenishment and stock picking system that is driven by a real time inventory analytics platform, which we have developed in-house and refined over the last ten years. We generally procure our inventory directly from pharmaceutical companies and their carry forward agents, in an effort to reduce commissions and leakages in our value chain, and offer products at more affordable price points to our customers. Our product offering is enhanced by our curated selection of private label products, from which we are able to derive higher margins while maintaining quality. We believe that all of the aforementioned attributes of our technology driven supply chain and distribution infrastructure distinguish us from other pharmacy retailers.

Our business operations are led by a qualified and experienced management team, comprised of individuals who come from diverse backgrounds and various fields of expertise, such as medicine, finance, business and technology. The founder, Managing Director and Chief Executive Officer of our Company, Gangadi Madhukar Reddy, both a doctor and an entrepreneur, plays an instrumental role in the strategic direction and growth of our business. Our Company's shareholders include marquee investors, including Lavender Rose, belonging to the Warburg Pincus group, and affiliates of Premji Invest, and we maintain strong corporate governance and internal controls.

We have an established track record of delivering strong financial performance. Between financial year 2019 and financial year 2021, our total revenue from operations grew at a compound annual growth rate ("**CAGR**") of 16.21% from ₹22,727.37 million to ₹30,692.69 million, as opposed to the Indian pharmacy retail industry, which grew at a CAGR of 7.3% for the same period, according to the Technopak Report. For financial years 2021, 2020 and 2019, our profit after tax and profit after tax margin was ₹631.11 million and 2.06%, ₹17.94 million and 0.06%, and ₹119.22 million and 0.52%, respectively. Our Adjusted EBITDA grew at a CAGR of 43.98% from ₹1,304.34 million in financial year 2019 to ₹2,703.79 million in financial year 2021. Our Operating EBITDA grew at a CAGR of 63.21% from ₹657.25 million in financial year 2019 to ₹1,750.64 million in financial year 2021. Our Operating ROCE for the financial years 2021 and 2020 was 26.08% and 19.87%, respectively. For a reconciliation of our profit for the period to Adjusted EBITDA and Operating EBITDA and a calculation of Adjusted EBITDA Margin % and Operating EBITDA Margin %, see "*Financial Information — Other Financial Information*" on page 256 and "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 19.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

Expansion of our Store Network

A key driver in the growth of our revenue from operations has been the expansion of our store network and the increase in our number of stores. We employ a cluster-based approach to our store network expansion. As part of our cluster-based expansion approach, we first achieve a critical threshold of density within the largest cities in a state before expanding our store network in the surrounding areas within those cities and other adjacent cities. We believe that this approach (i) allows us to create high brand visibility for customers within our key cities, through focused implementation of marketing and advertising initiatives, (ii) leads to our achieving a leading market share in our key cities, (iii) allows us to replicate similar success in adjacent under-served cities and areas, as we develop presence in new clusters, and (iv) increase cost efficiency due to economies of scale achieved in our supply chain and inventory management.

We have a streamlined and methodical store opening process that is focused on the sustainability and profitability of every new store that we roll-out. Our stores are generally of small sizes, approximately 550 to 600 square feet, with uniform design, format and layout, which lend to very short lead times between store location identification, set-up and commencement of operations.

Leveraging our cluster based expansion approach, we have experienced rapid growth in terms of our number of stores and the number of states and cities in which we operate. The table below sets forth a breakdown of (i) the number of stores and (ii) the states in which the stores were located, as of the dates indicated.

		Number of Stores, as of					
No.	**State**	**March 31, 2010**	**March 31, 2015**	**March 31, 2019**	**March 31, 2020**	**March 31, 2021**	**June 30, 2021**
1.	Telangana	181	288	352	365	435	443
2.	Andhra Pradesh	125	152	213	226	263	274
3.	Karnataka	166	340	457	485	514	520
4.	Tamil Nadu	101	231	348	373	447	458
5.	West Bengal	22	105	139	148	183	201
6.	Maharashtra	40	65	93	113	166	186
7.	Odisha	0	18	51	65	73	83
	Total:	635	1,199	1,653	1,775	2,081	2,165

The table below sets forth a breakdown of (i) the number of stores and (ii) the cities in which the stores were located, as of the dates indicated.

		Number of Stores, as of					
No.	**City**	**March 31, 2010**	**March 31, 2015**	**March 31, 2019**	**March 31, 2020**	**March 31, 2021**	**June 30, 2021**
1.	Chennai	62	185	246	264	286	293
2.	Bangalore	110	244	281	311	330	331
3.	Hyderabad	141	234	259	274	299	309
4.	Kolkata	22	105	139	148	183	201
	Total:	335	768	925	997	1,098	1,134

Our revenue growth from period to period can vary according to the level of maturity of our stores for the respective periods. The revenue a store generates depends on its stage of operation. Generally, revenue generated by a new store is lower at its initial stage of operation and tends to increase after the first few years of operations as the store gains traction with and loyalty from customers within its catchment area. Following this initial stage, growth in the revenue and profitability of a store will also depend on various factors such as rate of growth of the domestic economy, competition, product mix, and our ability to manage our operational expenses and costs. Between the April 1, 2018 and the March 31, 2021, we opened an aggregate of 882 new stores and over 60.00% and 75.00% of our new stores achieved a positive Store Level Operating EBITDA within the first three months and first six months of operations, respectively. Further, as of March 31, 2021, our Mature Stores had a median payback period of less than 3 years and recorded a compounded average same store sales growth of 8.30% on MRP from financial year 2019 to financial year 2021, despite the impact of the first wave of COVID-19 infections and the nationwide lockdown that occurred in financial year 2021. For the financial year 2021, our Store Level Operating EBITDA for our Mature Stores was 11.00%, and our Store Level Operating ROCE for Mature Stores for the same period was over 60%.

Our strategy is to capitalize on shift from unorganized to organized retail of pharmaceutical products in India, and take advantage of the low base of organized pharmacy retailer penetration and increasing penetration of mobile and internet usage in India, and strengthen our market position by (i) increasing our store penetration in existing clusters and (ii) developing new store clusters in other states and cities. We generally intend to enter into one to two new states and/or cities every year.

Sales Volume

Our sales volume is an important factor driving our results of operations. For the financial year 2021, 2020 and 2019, our total number of bills cut was 72.72 million, 78.19 million and 71.37 million, respectively, with sales volumes in financial year 2021 being impacted by the first wave of COVID-19 infections and the nationwide lockdown that occurred in that period. Historically, an increase in total number of bills has led to an increase in our revenue from sales. Our sales volume is generally correlated with a number of other factors, including, among other things, the expansion of our store network and number of stores, the increase in the volume of our online sales, the range and mix of our product offering, and our ability to maintain and enhance our value proposition to customers.

Increased sales volume favorably affects our results of operations as it generally has the effect of increasing our revenues, and also enables us to leverage our wholly-managed and operated supply chain and distribution infrastructure, benefit from economies of scale in procurement, and increase our operating margins.

Product Range and Mix

We offer a wide range of products, including (i) pharmaceutical and wellness products, including medicines, vitamins, medical devices and test kits, and (ii) fast-moving consumer goods, such as home and personal care products, including toiletries, baby care products, soaps and detergents, and sanitizers, so as to cater to a wide range of customers, including discount seekers, customers with urgent needs and customers who value convenience.

Our ability to grow our sales volume, revenue and gross margins, in part, also depends upon the range and mix of products that we offer at our stores. Our (i) offering a wide range and appropriate mix of products supports our value proposition of "convenience" and "fulfilment" to our customers, see "*Our Business - Our Competitive Strengths - Established Brand and Value Proposition to Customers*" on page 121, which drives sales volume and revenue, and (ii) increasing our share of private label products and enhancing our SKU mix, is expected to increase our customer wallet share and allow us to derive higher gross margins. In financial year 2021, we introduced around 500 new private label SKUs and we intend to continue to grow our portfolio going forward.

We intend to (i) increase the penetration of our private label pharmaceutical products by introducing private label products for more therapeutic areas, in particular for sub-chronic and chronic ailments and (ii) introduce new private label products for fast moving consumer goods ("FMCG"), in particular, in the consumer categories of nutrition and wellness. To increase our sales of private label products, we also plan to (i) market and advertise our private label products as good quality products offered at competitive prices and (ii) continue to train our sales staff and award them with financial incentives for identifying customer needs and cross-selling our private label products, and supporting them with enhancing our technology framework that would provide them point-of-sale assistance and prompts.

Operational Expenses and Costs

Substantially all of our warehouses and stores, as well as our registered and corporate office, are operated on premises that we have leased on a long-term leasehold basis. As such, we expect to continue to be affected by any future rental increases. Furthermore, when our current leases expire we will need to re-negotiate these leases with the relevant lessors, who may seek to impose higher costs or more onerous conditions on us.

Our store operating costs include, among others, cost of human resources, utilities and maintenance. These costs and expenses can fluctuate and also differ from store to store depending on a variety of factors. For example, power tariffs vary from state to state in India. Furthermore, regulations affecting manpower costs such as rules relating to minimum wages, may also vary from state to state. Inflation increases our operating costs. Fixed operating costs increase as we open new stores. In general, we expect our operational expenses as a percentage of sales to be higher for new stores than for mature stores. However, in absolute terms, our older stores tend to have higher operational costs as these costs also include repairs which are not capitalized. In addition, we carry out periodic renovations of our stores, which we believe are important in maintaining and enhancing the image of our stores and in attracting customers. During renovations, we will incur expenses and experience temporary disruptions to our normal operations which may affect our revenues.

Our operational expenses and costs also include expenses and costs incurred by our supply chain and distribution infrastructure, which includes, among other things, (i) cost of human resource, utilities and maintenance for our warehouses, (ii) costs and expenses relating to our fleet of vehicles and delivery personnel to facilitate the transportation of inventory between our warehouses and stores, and costs and expenses relating to our technology infrastructure.

Our gross margins and, in turn, profitability, are directly correlated with our ability to manage our operational expenses and costs. We expect that our planned expansion of our store network and increasing scale of our business would allow us to continue to leverage our supply chain and distribution infrastructure, and increase our cost efficiency by benefitting from economies of scale, see "*Our Business - Our Competitive Strengths – Lean Cost Structure and Technology Driven Operations*" on page 124. Further, we also plan to achieve further consolidation of direct sourcing, which we expect would yield additional turnover/trade discounts and campaign benefits, and a stronger negotiating position with suppliers. We expect such efforts to continue to improve our gross margins for our sales of branded pharmaceutical products. Additionally, we expect sales of our higher gross margin yielding private label product portfolio to continue to grow through our leveraging of (i) in-store promotions and merchandising, (ii) stringent quality control and checks, (iii) incentives to our store employees, and (iv) training of our employees at stores with lower private label product mix, which we expect would drive growth in our gross margins.

Competition

The Indian pharmacy retail industry is competitive and may become more competitive in the future, see "*Risk Factors – Internal Risks – Risks Relating to Our Business – We are in an industry that is highly competitive, and any inability to compete successfully against current and future competitors may adversely affect our business, financial condition and results of operation.*" on page 36. Pharmacy retail businesses typically compete with other drugstore chains, online retailers, independent pharmacies, pharmacies attached to hospitals and medical groups. Our primary key competitors are Apollo Pharmacy, Wellness Forever, PharmEasy, Tata 1mg and NetMeds.

We operate in a rapidly consolidating industry, and our potential new or existing competitors may be able to provide a wider product offering at more competitive prices, or respond more quickly and effectively to new or changing opportunities, technologies, regulations or customer requirements. Increased competition may lead to a fall in prices and a consequent fall in our margins. A number of our competitors have an established presence in the markets in which we operate and they may continue to open additional stores in the same cities where we have opened or intend to open our stores in the future. This may require us to change our strategy, delay expansion plans or be more selective in opening of new stores. For example, we introduced slab-based discounting to counter the 20-25% discount given by e-pharmacy retailers. This enabled us to increase the number of "large ticket" purchases (average order value of more than ₹1,000) from 47% (share in total MRP for the year) in the financial year 2019 to 60.00% in the financial year 2020, which, in turn, resulted in an increase in revenue growth for the financial year 2020.

Significant Accounting Policies for Our Restated Financial Information

The notes to our Restated Financial Information included in this Draft Red Herring Prospectus contain a summary of our significant accounting policies. Set forth below is a summary of our most significant critical accounting policies under Ind AS.

Basis of Preparation

Our Restated Financial Information has been prepared specifically in connection with the Offer. The Restated Financial Information has been prepared in accordance with Ind AS and other relevant provisions of the Companies Act. In preparing our Restated Financial Information, our management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Basis of Consolidation

Our Company consolidates all entities which it controls. Control is established when our Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of our subsidiaries are included in our Restated Financial Information from the date that control commences until the date that control ceases. For the purpose of preparing the Restated Financial Information, the accounting policies of our subsidiaries have been changed where necessary to align them with the policies adopted by our Company.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. However, Goods and Service Tax (GST) is not received by us on our own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sales returns

We account for sales returns accrual by recording refund liability concurrent with the recognition of revenue at the time of a product sale. This liability is based on our estimate of expected sales returns. Accordingly, the estimate of sales returns is determined primarily by our historical experience of sales returns. At the time of recognizing the refund liability, we also recognize an asset, (i.e., the right to the returned goods) which is included in "other current assets" for the products expected to be returned. We initially measure this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, we update the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Rendering of Services

Revenue from pathological laboratory services and running of clinics are recognized as and when services are rendered.

Customer Loyalty Program

We operate a "Flexi Rewards" scheme (our customer loyalty program), which allows customers to accumulate points when they purchase products. These points can be redeemed for purchase of value plus items. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The amount allocated to award credits is deferred and is recognized as revenue when the award credits are redeemed and we have fulfilled its obligations to supply the discounted products under the terms of the program or when it is no longer probable that the award credits will be redeemed.

Display income

Revenue for display of advertisement is accounted on accrual basis in accordance with the provisions of the relevant contacts.

Interest income

Interest income from financial instruments measured either at amortized cost or at fair value through other comprehensive income is recorded using the effective interest rate ("**EIR**"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, we estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the consolidated statement of profit and loss.

Rental Income

Rental income arising from operating leases on building is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Property, Plant and Equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, we depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories. We identify and determine the cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognized. Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the consolidated statement of profit and loss.

Depreciation

Depreciation on property, plant and equipment other than leasehold improvements is calculated on a straight-line basis using the following rates arrived at based on the useful lives estimated by the management which coincide with the lives prescribed under the schedule II to the Companies Act, 2013, except for depreciation on Leasehold Improvements:

Asset class	**Management's estimated useful life**
Buildings	60 years
Furniture and fixtures	10 years
Vehicles	8 to 10 years
Office equipment	5 years
Data processing equipment	3 to 6 years
Plant and equipment	5 to 10 years

Depreciation on leasehold improvements is provided over the lease term or 5 years, whichever is shorter, which is higher than the rates prescribed under the schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Amortization of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on these intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Inventories

Inventories comprise of trading goods and stores and consumables and are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. In case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Cost is determined on first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business reduced by the estimated costs to affect the sale. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories. The net realizable value of work-in-progress are determined with reference to the selling prices of related finished goods.

The factors that we consider in determining the valuation of inventory includes shelf life and ageing of inventory. We consider these factors and adjust valuation to reflect actual value of inventory. Raw materials and consumables held for use in the production of finished goods are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished goods will exceed their net realizable value.

Impairment of non-financial assets

We assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, we would estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, including impairment on inventories, are recognized in the consolidated statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, we would estimate the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Employee Benefits

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. We have no obligation, other than the contribution payable to the provident fund. We recognize the contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

Defined benefit plans

We operate a defined benefit plan for our employees. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end using the projected unit credit method consistent with the advice of qualified actuaries. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income ("**OCI**") in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of (i) the date of the plan amendment or curtailment, and (ii) the date that we recognize related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. We recognize the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss: (i) service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and (ii) net interest expense or income.

Other Short term employee benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. We measure the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

We treat accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. We present the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Employee share based payments

Our employees (including senior executives) receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognized, together with a corresponding increase in share-based payment ("SAP") reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share, unless its anti-dilutive to our earnings in nature.

Shares allotted to Trust

We have created an employees' benefit trust ("Trust") for implementation of the schemes that are notified or may be notified from time to time by us under the plan, providing share based payment to its employees. We allocated shares to Trust at the time of formation of trust. We treat the Trust as its extension and these equity instruments are recognized at cost and deducted from equity.

Leases

Our lease asset classes primarily consist of leases for land and buildings. We assess whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether: (i) the contract involves the use of an identified asset; (ii) we have substantially all of the economic benefits from use of the asset through the period of the lease; and (iii) we have the right to direct the use of the asset.

At the date of commencement of the lease, we recognize a right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, we recognize the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the income tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Our management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except, when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except (i) when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or (ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognized in profit or loss.

Key Components of our Statement of Profit and Loss Based on our Restated Financial Information

The following descriptions set forth information with respect to the key components of our profit and loss statements.

Income

Income consists of (i) revenue from operations and (ii) other income.

Revenue from operations. Revenue from operations comprises revenue from (a) sale of goods, which comprise revenue from sales of our products through our store network and online sales channel, (b) sale of services, which comprise revenue from pathological laboratory services and running of clinics and (c) other operating revenue, which comprise revenue from display of advertisements, other business support income and other income. The table below sets forth a break-down of our revenue from operations by segment and as a percentage of our total revenue from operations for the periods indicated.

	For the Financial Year Ended March 31,					
	2021		2020		2019	
	(₹ in millions, except percentages)					
Revenue from operations:						
Sales of goods	30,484.94	99.33%	28,484.55	99.23%	22,563.49	99.28%
Sales of services	22.81	0.07%	27.97	0.10%	25.24	0.11%
Other operating revenue	184.94	0.60%	193.51	0.67%	138.64	0.61%
Total revenue from operations	**30,692.69**	**100.00%**	**28,706.03**	**100.00%**	**22,727.37**	**100.00%**

Other income. Other income primarily comprises (a) interest income, which we derive from bank deposits and financial instruments, (b) liabilities no longer required written back, which comprise time barred payables that are written back, (c) rental income, which comprise sublease income from subsidiaries, (d) gain on de-recognition of right-of-use assets, (e) lease rent concessions, and (f) miscellaneous income.

Expenses

Expenses consist primarily of (i) cost of goods sold, (ii) cost of materials consumed, (iii) increase in inventories of finished goods and work-in progress, (iv) employee benefits expense, (v) finance costs, (vi) depreciation and amortization expense and (vii) other expenses. The table below sets forth a break-down of our expenses and as a percentage of our total expenses for the periods indicated.

	For the Financial Year Ended March 31,					
	2021		2020		2019	
	(₹ in millions, except percentages)					
Expenses:						
Cost of goods sold	25,213.88	84.17%	25,806.68	90.28%	18,713.73	82.72%
Cost of materials consumed	82.45	0.28%	38.60	0.13%	16.93	0.08%
Increase in inventories of finished goods and work-in-progress	(1,054.40)	(3.52)%	(2,479.90)	(8.68)%	(290.39)	(1.28)%
Employee benefits expense	3,386.51	11.30%	2,724.02	9.53%	2,113.73	9.34%
Finance costs	548.45	1.83%	467.96	1.64%	500.03	2.21%
Depreciation and amortization expense	882.70	2.95%	748.07	2.62%	585.93	2.59%
Net loss on fair value changes	-	-	322.97	1.13%	-	-
Other expenses	897.57	2.99%	956.88	3.35%	981.93	4.34%
Total expenses	**29,957.16**	**100.00%**	**28,585.28**	**100.00%**	**22,621.89**	**100.00%**

Cost of goods sold. Cost of goods sold comprises costs incurred to purchase the inventory of products that we have sold in the relevant period.

Costs of materials consumed. Cost of materials consumed comprises the cost of raw materials and packing materials consumed in a period. Raw materials consumed relate to the raw materials we used for the manufacturing of private label products. Packing materials consumed relate to the packing materials used to package our products (a) for transportation between our warehouses and stores and (b) for sale at our stores or through our online sales channel. Raw materials and packing materials consumed are each measured by adding the inventories at the beginning of a period and the purchases made during that period, and then deducting the inventories remaining at the end of the period.

Increase in inventories of finished goods and work-in-progress. Increase in inventories of finished goods and work-in-progress comprise the net increase in the aggregate amount of finished goods, work-in-progress inventory and stock-in-progress inventory in a given period. This is represented by the difference between the aggregate amount of finished goods, work-in-progress inventory and stock-in-progress inventory at the end of period and the beginning of the same period.

Employee benefit expenses. Employee benefits expenses comprise salaries, wages and bonus, contribution to provident and other funds, staff welfare expenses and employee stock option compensation expenses.

Depreciation and amortization expense. Depreciation and amortization expense primarily relates to depreciation of property, plant and equipment, and amortization of intangible assets and right-of-use assets.

Finance costs. Finance cost primarily comprises interest on our lease liabilities and interest on our long-term borrowings and short-term borrowing.

Other expenses. Other expenses primarily comprise expenses relating to packing and forwarding charges, credit care and debit card commission charges, electricity charges, communication costs, printing and stationary costs, and commission and brokerage costs.

Tax Expense

Tax expense consists of current tax and deferred tax.

Our Results of Operations Based on our Restated Financial Information

The following table sets forth our selected financial data from our restated statement of profit and loss for the financial years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods:

	For the Financial Year Ended March 31,					
	2021		2020		2019	
	(₹ in millions, except percentages)					
Revenue:						
Revenue from operations	30,692.69	99.30%	28,706.03	99.40%	22,727.37	99.47%
Other income	215.45	0.70%	172.84	0.60%	122.03	0.53%
Total income	**30,908.14**	**100.00%**	**28,878.87**	**100.00%**	**22,849.40**	**100.00%**
Expenses:						
Cost of goods sold	25,213.88	81.57%	25,806.68	89.36%	18,713.73	81.90%
Cost of materials consumed	82.45	0.27%	38.60	0.13%	16.93	0.07%
Increase in inventories of finished goods and work-in-progress	(1,054.40)	(3.41)%	(2,479.90)	(8.58)%	(290.39)	(1.27)%
Employee benefit expense	3,386.51	10.96%	2,724.02	9.43%	2,113.73	9.25%
Finance cost	548.45	1.77%	467.96	1.62%	500.03	2.19%
Depreciation and amortization expense	882.70	2.86%	748.07	2.59%	585.93	2.56%
Net loss on fair value changes	-	-	322.97	1.12%	-	-
Other expenses	897.57	2.90%	956.88	3.31%	981.93	4.30%
Total expenses	**29,957.16**	**96.92%**	**28,585.28**	**98.98%**	**22,621.89**	**99.00%**
Profit before tax	**950.98**	**3.08%**	**293.59**	**1.02%**	**227.51**	**1.00%**
Total tax expenses	**319.87**	**1.03%**	**275.65**	**0.95%**	**108.29**	**0.47%**
Profit for the year	**631.11**	**2.04%**	**17.94**	**0.06%**	**119.22**	**0.52%**

Financial Year 2021 Compared to Financial Year 2020

Total income. Total income increased by 7.03% to ₹30,908.14 million for the financial year 2021 from ₹28,878.87 million for the financial year 2020, primarily due to an increase in revenue from operations.

Revenue from operations increased by 6.92% to ₹30,692.69 million for the financial year 2021 from ₹28,706.03 million for the financial year 2020, primarily due to a 7.02% increase in revenue from sale of goods to ₹30,484.94 million from ₹28,484.55 million, which was mainly attributable to our opening 306 net new stores in the financial year 2021.

Total expenses. Total expenses increased by 4.80% to ₹29,957.16 million for the financial year 2021 from ₹28,585.28 million for the financial year 2020, primarily due to increases in (i) employee benefits expense, (ii) cost of materials consumed, (iii) finance costs, and depreciation and amortization expense, which was partially offset by a decrease in other expenses.

Employee benefit expense. Employee benefit expense increased by 24.32% to ₹3,386.51 million for the financial year 2021 from ₹2,724.02 million for the financial year 2020, primarily due to (i) our hiring more staff for the additional stores that we opened and (ii) a one-time expense of ₹399.6 million which is related to employee stock options that we recorded in the financial year 2021.

Finance costs. Finance costs increased by 17.20% to ₹548.45 million for the financial year 2021 from ₹467.96 million for the financial year 2020, primarily due to (i) an increase in interest on borrowings stemming from our draw-downs made on our credit facilities made in the financial year 2021 to finance our working capital requirements and (ii) an increase in interest on lease liability, which was attributable to an increase store lease payments.

Depreciation and amortization expense. Depreciation and amortization expense increased by 18.00% to ₹882.70 million for the financial year 2021 from ₹748.07 million for the financial year 2020, primarily due to an increase in cost relating to (i) depreciation of property, plant and equipment and (ii) amortization of right-of-use assets, which are attributable to the growth of our store network in the financial year 2021.

Cost of materials consumed. Cost of materials increased to ₹82.45 million for the financial year 2021 from ₹38.60 million for the financial year 2020, primarily due to an increase our sales volume recorded for the financial year 2021, mainly stemming from our opening of new stores.

Other expenses. Other expenses decreased by 6.20% to ₹897.57 million for the financial year 2021 from ₹956.88 million for the financial year 2020, primarily due to higher cost efficiency that we experienced in the financial year 2021, due to the increase in our scale of operations and our benefiting from greater economies of scale.

Profit before tax. As a result of the foregoing, our profit before tax increased significantly to ₹950.98 million for the financial year 2021 from ₹293.59 million for the financial year 2020.

Tax expenses. Our total tax expense increased by 16.04% to ₹319.87 million for the financial year 2021 from ₹275.65 million for the financial year 2020, primarily due to the increase in our profit before tax for the financial year 2021.

Profit for the year. As a result of the foregoing, our profit for the year increased significantly to ₹631.11 million for the financial year 2021 from ₹17.94 million for the financial year 2020.

Financial Year 2020 Compared to Financial Year 2019

Total income. Total income increased by 26.39% to ₹28,878.87 million for the financial year 2020 from ₹22,849.40 million for the financial year 2019, primarily due to an increase in revenue from operations.

Revenue from operations increased by 26.31% to ₹28,706.03 million for the financial year 2020 from ₹22,727.37 million for the financial year 2019, primarily due to a 26.24% increase in revenue from sale of goods to ₹28,484.55 million from ₹22,563.49 million, which was mainly attributable to (i) strong same store sales growth from our existing stores and (ii) our opening 122 net new stores in the financial year 2020.

Total expenses. Total expenses increased by 26.36% to ₹28,585.28 million for the financial year 2020 from ₹22,621.89 million for the financial year 2019, primarily due to increases in (i) cost of goods sold, (ii) employee benefits expense, (iii) depreciation and amortization expense, (iv) a net loss on fair value changes, and (v) cost of materials consumed.

Cost of goods sold and cost of materials consumed. Cost of goods sold increased by 37.90% to ₹25,806.68 million for the financial year 2020 from ₹18,713.73 million for the financial year 2019. Cost of materials consumed significantly increased to ₹38.60 million for the financial year 2020 from ₹16.93 million for the financial year 2019. Such increases were attributable to an increase our sales volume recorded for the financial year 2020, mainly stemming from (i) the increase in sales from our existing stores and our opening of new stores, and (ii) higher inventory purchase in March 2020 to mitigate any supply chain disruption due to state level lock-downs due to the COVID-19 pandemic.

Employee benefit expense. Employee benefit expense increased by 28.87% to ₹2,724.02 million for the financial year 2020 from ₹2,113.73 million for the financial year 2019, primarily due to our hiring more staff for the additional stores that we opened in the financial year 2020.

Depreciation and amortization expense. Depreciation and amortization expense increased by 27.67% to ₹748.07 million for the financial year 2020 from ₹585.93 million for the financial year 2019, primarily due to an increase in cost relating to (i) depreciation of property, plant and equipment and (ii) amortization of right-of-use assets, which are attributable to the growth of our store network in the financial year 2020.

Net loss on fair value changes. We recorded a net loss on fair value changes of ₹322.97 million for the financial year 2020 relating to our repurchase of shares of our Company pursuant to obligations under a shareholders' agreement between us and certain of our shareholders.

Profit before tax. As a result of the foregoing, our profit before tax increased by 29.05% to ₹293.59 million for the financial year 2020 from ₹227.51 million for the financial year 2019.

Tax expenses. Our total tax expense increased significantly to ₹275.65 million for the financial year 2020 from ₹108.29 million for the financial year 2019, primarily due to the increase in our profit before tax for the financial year 2020.

Profit for the year. As a result of the foregoing, our profit for the year decreased significantly to ₹17.94 million for the financial year 2020 from ₹119.22 million for the financial year 2020.

Liquidity and Capital Resources Based on Our Restated Financial Information

Our primary sources of liquidity include cash generated from operations and from short-term debt borrowings, including cash credit from banks and loans from other companies. As of March 31, 2021, we had (i) cash and cash equivalents of ₹1,068.16 million, (ii) bank balances (other than cash and cash equivalents) of ₹117.79 million, and (iii) and undrawn facilities of ₹497.65 million.

Our financing requirements are primarily for working capital. We expect that cash flow from revenue from operations and debt borrowings will continue to be our principal sources of funds in the long-term. We evaluate our funding requirements periodically in light of our net cash flow from operating activities, the requirements of our business operations and expansion plans, and market conditions.

Cash Flows

The following table summarizes our cash flows data for the periods indicated:

	For the Financial Year Ended March 31,		
	2021	2020	2019
		(₹ in millions)	
Net cash generated from/(used for) operating activities	28.91	(65.89)	1,466.84
Net cash used in investing activities	(345.49)	(275.54)	(193.35)
Net cash from/(used in) financing activities	(56.26)	898.27	(828.41)
Net decrease in cash and cash equivalents	**(372.84)**	**556.84**	**445.08**
Cash and cash equivalents at the beginning of the year	88.65	(468.20)	(913.28)
Cash and cash equivalents at the end of the year	**(284.19)**	**88.65**	**(468.20)**

Net cash generated from/used in operating activities

Net cash generated from operating activities was ₹28.91 million in the financial year 2021. We had profit before tax of ₹950.98 million for the financial year 2021, which was primarily adjusted for depreciation of property, plant and equipment, amortization on right-of-use assets, provision for gratuity and leave benefits, interest on lease liability and employee stock option compensation expenses, and working capital adjustments such as increase in inventories of ₹1,064.02 million and decrease in current financial liabilities of ₹911.1 million, comprising mainly of trade payables.

Net cash used in operating activities was ₹65.89 million in the financial year 2020. We had profit before tax of ₹293.59 million for the financial year 2020, which was primarily adjusted for depreciation of property, plant and equipment, amortization on right-of-use assets, provision for gratuity and leave benefits, interest on lease liability and net loss on fair value changes, and working capital adjustments, primarily relating to an increase in inventories of ₹2,494.89 million.

Net cash generated from operating activities was ₹1,466.84 million in the financial year 2019. We had profit before tax of ₹227.51 million for the financial year 2019, which was primarily adjusted for depreciation of property, plant and equipment, amortization on right-of-use assets, provision for gratuity and leave benefits, finance costs and interest on lease liability, and working capital adjustments, primarily relating to an increase in inventories of ₹308.19 million.

Net cash used in investing activities

Net cash used in investing activities was ₹345.49 million in the financial year 2021. This was primarily due to the purchase of land and other fixed assets for the 373 new stores we opened in the financial year 2021.

Net cash used in investing activities was ₹275.54 million in the financial year 2020. This was primarily due to (i) the purchase of fixed assets for the 243 new stores we opened and (ii) our ₹19.52 million investment in bank deposits in the financial year 2020.

Net cash used in investing activities was ₹193.35 million in the financial year 2019. This was primarily due to (i) the purchase of fixed assets for the 266 new stores we opened and (ii) our ₹13.09 million investment in bank deposits in the financial year 2019.

Net cash used in financing activities

Net cash used in financing activities was ₹56.26 million in the financial year 2021. This was primarily due to (i) the payment of lease liabilities relating to our stores of ₹953.15 million and (ii) the repayment of ₹83.11 million of interest on our borrowings, which were partially offset by our receipt of ₹980 million of proceeds from our issuance of compulsory convertible preference shares to certain of our shareholders.

Net cash from financing activities was ₹898.27 million in the financial year 2020. This was primarily due to our receipt of ₹2,038.37 million of proceeds from our issuance of compulsory convertible preference shares to certain of our shareholders, which was partially offset by (i) the repayment of lease liabilities relating to our stores of ₹756.01 million, (ii) the repayment of ₹325 million of our short term borrowings, and (iii) the repayment of ₹65.72 million of interest on our borrowings.

Net cash used in financing activities was ₹828.41 million in the financial year 2019. This was primarily due to (i) the repayment of lease liabilities relating to our stores of ₹647.09 million, (ii) the repayment of ₹80 million of our long term borrowings, and (iii) the repayment of ₹141.32 million of interest on our borrowings, which were partially offset by our receipt of proceeds of ₹40 million from short term borrowings.

Capital Expenditure

Our capital expenditures primarily relate to the purchase of property, plant and equipment, related to the (i) expansion of our store network, where we incur capital expenditures to fit out our new stores, (ii) maintenance of our existing stores, including store renovations, (iii) maintenance of and improvements made to our supply chain and distribution network, including maintaining and purchasing fixed and movable assets for our warehouse, computers, office equipment and furniture, and delivery vehicles. For the financial years 2021, 2020 and 2019, our total capital expenditures amounted to ₹542.58 million, ₹302.11 million and ₹217.56 million, respectively.

Financial Indebtedness

As of March 31, 2021, we had total borrowings (which excludes transaction costs, cash and cash equivalents and other bank balances) amounting to ₹1,352.35 million, which primarily consisted of cash credit from banks and loans from other companies. For further details related to our indebtedness, as of June 30, 2021, see "*Financial Indebtedness*" on page 275.

Capital and Other Commitments Based on Our Restated Financial Information

As of March 31, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) was ₹17.90 million.

The following table sets forth a summary of the maturity profile of our contractual undiscounted obligations with definitive payment terms as of March 31, 2021:

		Payment due by period		
	Total	**Less than one year**	**One to five years**	**More than five years**
		(₹ in millions)		
Borrowings	1,352.35	1,352.35	-	-
Trade Payables	1,480.98	1480.98	-	-
Other Financial Liabilities	384.93	373.35	11.58	-
Lease Liability	6,708.47	1,048.34	3,601.04	2,059.09
Total	9,926.73	4,295.83	3,612.62	2,059.09

Contingent Liabilities Based on Our Restated Financial Information

The following table sets forth our contingent liabilities (to the extent not provided for) as of March 31, 2021:

	As of March 31, 2021
	(₹ in millions)
Claims against us not acknowledged as debt:	
Income tax	111.78
Value added tax	8.26
Total	**120.04**

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the normal course of business. We believe that our principal market risks are liquidity risk and interest rate risk.

Liquidity Risk

We manage our liquidity needs by carefully monitoring scheduled debt payments and cash requirements for day-to-day business, as well as on the basis of a rolling 30-day cash flow projection. Long-term liquidity needs from a period of 180 to 360 days are identified and reviewed at regular interviews. Our liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants, maintaining debt financing plans and ensuring compliance with regulatory requirements. We seek to maintain funding flexibility through an adequate amount of committed credit lines which be drawn upon as and when required. See also "*Risk Factors – Internal Risk Factors – Risks Related to Our Business – Our operations are subject to high working capital requirements. Our ability to maintain an optimal level of working capital required for our business may impact our operations adversely.*" on page 40.

Interest Rate Risk

We are exposed to market risk with respect to changes in interest rates related to our borrowings. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to certain benchmark rates as well as borrowings where the interest rate is reset based on changes in interest rates set by RBI. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations and cash flows.

Unusual or Infrequent Events or Transactions

Except as disclosed in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "– *Significant Factors Affecting Our Results of Operations*" and the uncertainties described in "*Risk Factors*", on pages 260 and 25, respectively. Except as disclosed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and above in "– *Significant Factors Affecting our Results of Operations*" on pages 25, 119 and 260, respectively, to our knowledge, there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Except as disclosed in this Draft Red Herring Prospectus, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Supplier or Customer Concentration

We do not have any material dependence on a single or few suppliers. We have a wide customer base and do not have any material dependence on any particular customer.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections "*Risk Factors*" and "*Our Business*" on pages 25 and 119, respectively, of this Draft Red Herring Prospectus.

Seasonality

Our business is not subject to seasonal variations.

Significant Developments Occurring after March 31, 2021

Except as disclosed in this Draft Red Herring Prospectus, there are no circumstances that have arisen since March 31, 2021, the date of the last financial statements included in this Draft Red Herring, which materially and adversely affect or is likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Recent Accounting Pronouncements

As of the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2021, derived from our Restated Consolidated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 258, 179, and 25, respectively.

(₹ in million)

Particulars	Pre-Offer (as at March 31, 2021)	Post Offer
Debt		
Current borrowings (A)	1,352.35	**[●]**
Non-current borrowings (including current maturity) (B)	-	**[●]**
Total borrowings (C=A+B)	**1,352.35**	**[●]**
		[●]
Equity		**[●]**
Equity share capital (D)	4.48	**[●]**
Other equity (E)	7,301.05	**[●]**
Total Equity (F= D+E)	**7,305.53**	**[●]**
		[●]
Total Capitalisation (G= C+F)	**8,657.88**	**[●]**
Total non-current borrowings (including current maturities) /Total equity (B/F)	**-**	**[●]**
Total borrowings/Total equity (C/F)	**18.51%**	**[●]**

Notes:

i. *The Company in its extraordinary general meeting held on July 9, 2021, after the Balance Sheet date of March 31, 2021, has approved sub-division of each equity share of ₹10 each into Equity Shares of ₹2 each*

ii. *15,911,807 Preference Shares shall be converted up to a maximum of 79,559,035 Equity Shares prior to filing of the Red Herring Prospectus with the RoC in accordance with Regulation 5(2) of the SEBI ICDR Regulations;*

iii. *The corresponding Post Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement; and*

iv. *The amounts disclosed above are based on Restated Consolidated Financial Information of our Company.*

FINANCIAL INDEBTEDNESS

Except for the outstanding borrowings of one of our Subsidiaries, Optival, there are no outstanding borrowings of our Company or any of our Subsidiaries.

Set forth below is a brief summary of the borrowings of Optival, on a consolidated basis, as at June 30, 2021:

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Cash credit	1,750	782.79
Non-fund based limits	100	Nil
Overdraft against fixed deposit	4.5	Nil
Total	**1,854.5**	**782.79**

* *As certified by GPHK & Associates, Independent Chartered Accountant, pursuant to their certificate dated August 16, 2021*

Principal terms of the subsisting borrowings of Optival:

1. ***Purpose:*** The facilities were availed to meet the business and working capital requirements of Optival.

2. ***Interest:*** The interest rate for the facilities availed by Optival is either fixed at 8.5% or floating, based on the marginal cost of fund based lending rates.

3. ***Penalty:*** Penal interest rates ranging from 2% to 18% have been stipulated on the occurrence of certain events such as payment related delay, default, drawings over limit, etc.

4. ***Tenor:*** The tenor of the facilities availed by Optival ranges from seven months to one year.

5. ***Security:*** The secured facilities availed by Optival are typically secured by way of a pari passu charge on current assets, including stock and book debts of Optival, a pari passu charge on several immovable fixed assets of Optival and lien on term deposits. The collateral for these facilities is typically a fixed deposit, and guarantees have been provided by our Company and by our Individual Promoter, Gangadi Madhukar Reddy. Further, Optival is required to furnish additional security to the satisfaction of lenders in the event that the security provided depreciates in value.

6. ***Prepayment:*** The facilities availed by Optival allow prepayment. Certain facilities allow for prepayment of the outstanding amount by serving notice to the lender. Prepayment is subject to prepayment penalties as may be prescribed. These prepayment penalties range from 1.00% to 4.00% of the amount being prepaid, or as may be advised by the lender at the time of prepayment. Further, in certain cases Optival is restricted from prepaying amounts outstanding without the prior written approval of the lender.

7. ***Re-payment:*** Repayment for the facilities availed by Optival is on demand.

8. ***Events of Default:*** Borrowing arrangements entered into by Optival prescribe events of default, including among others:

    a) Failure or inability to pay amount on due dates;

    b) Failure to pay accrued interest;

    c) Any notice in relation to actual or threatened liquidation, dissolution, bankruptcy or insolvency of Optival;

    d) Change of general nature or cessation of business;

    e) Incorrect or false information;

    f) Usage of the loan for purposes other than the purpose for which it was sanctioned by the lender;

    g) Failure to provide additional security on depreciation of security provided earlier;

    h) Cross defaults across other borrowings of Optival;

    i) Breach of any terms and conditions, including financial covenants in the loan documents; and

    j) Any other event or circumstance that has a material adverse effect on the lender.

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

9. ***Consequences of occurrence of events of default:*** In terms of the loan documents, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:

a) Declare any or all amounts under the facility, either whole or in part, as immediately due and payable to the lender;

b) Recover entire dues payable;

c) Enforce security;

d) Cancel the undrawn commitment of the facility;

e) Convert outstanding obligations under the facility into equity capital or other securities of Optival; and

f) Appoint a nominee director/observer on the Board of Directors of Optival.

10. ***Negative Covenants:*** The loans availed by Optival contain restrictive covenants which require prior written consent of the lender, or prior intimation to be made to the lender, for certain specified events or corporate actions, including:

a) Change in capital structure of Optival;

b) Change in the ownership, management or control of Optival;

c) Change in the general nature of the business of Optival;

d) Enter into any scheme of merger, de-merger, amalgamation, or do a buyback;

e) Winding up, liquidation or taking any steps for voluntary liquidation or dissolution;

f) Creation of security interest on the assets of Optival, except as permitted by the lender;

g) Change in the constitutional documents of Optival; and

h) Disposal of assets other than those permitted by the lender.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by Optival.

For the purpose of the Offer, our Company has obtained the necessary consent from the lenders of Optival as required under the relevant loan documents for undertaking activities relating to the Offer including consequent actions, such as change in the capital structure, change in management control, amendments to the Articles of Association, of our Company.

In addition, upon occurrence of an event of default as defined under the terms of debenture agreements between Agilemed, GIPL, Gangadi Madhukar Reddy and Vistra ITCL (India) Limited, and Lone Furrow, GIPL, Gangadi Madhukar Reddy and Vistra ITCL (India) Limited each dated January 20, 2021, the debt lenders i.e. Zash Traders (through the Zash Debenture Trustee) and Morning Brook Investment Ltd (through the Morning Brook Debenture Trustee) each have the right to nominate one nominee Director on the Board of the Company.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes (in a consolidated manner); and (iv) other pending litigation as determined to be material as per the materiality policy adopted pursuant to the Board resolution dated August 3, 2021 in each case involving our Company, its Subsidiaries, Promoters and Directors ("**Relevant Parties**"). Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoters in the last five financial years including any outstanding action. Further, there are no pending litigation involving our Group Company which has a material impact on our Company.*

For the purpose of identification of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation involving the Relevant Parties to be disclosed by our Company in this Draft Red Herring Prospectus pursuant to the Board resolution dated August 3, 2021:

All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including any outstanding action and tax matters (direct or indirect), would be considered 'material' if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1.00% of the consolidated profit after tax of our Company for the last completed Fiscal as per the Restated Consolidated Financial Information i.e. ₹6.31 million, being 1.00% of the consolidated profit after tax of our Company for the Fiscal 2021; or (ii) where monetary liability is not quantifiable, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of our Company.

It is clarified that for the above purposes, pre-litigation notices received by Relevant Parties (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action), have not been considered as litigation until such time that the Relevant Parties are not impleaded as a defendant in the litigation proceedings before any judicial forum. We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.

Except as stated in this section, there are no material outstanding dues to creditors of our Company. For this purpose, our Board has pursuant to the Board resolution dated August 3, 2021 considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of our Company having a monetary value which exceeds 5% of the trade payables (excluding provisions) of our Company as of March 31, 2021 shall be considered as 'material'. Accordingly, as on March 31, 2021, any outstanding dues exceeding ₹74.05 million have been considered as material outstanding dues for the purposes of disclosure in this section.

For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with our Company regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as amended, read with the rules and notification thereunder.

Litigation involving our Company

Litigation against our Company

Material Civil Litigation

Nil

However, our Company has been named as a party to one consumer complaint that falls below the materiality threshold. *For details, see - "Litigation against our Subsidiaries – Material Civil Litigation" on page 278.*

Criminal Litigation

Nil

Actions Taken by Regulatory and Statutory Authorities

On March 31, 2020, Gangadi Investments Private Limited ("**GIPL**") transferred 1,199 equity shares of face value ₹10 each of our Company held in dematerialised form to Shore Pharma LLC, a non-resident entity ("**GIPL Transfer**"), for which GIPL filed a form FC-TRS. GIPL received an email from the RBI dated June 2, 2020 approving the said transfer and advising the Company to pay a late submission fee of ₹34,515 for contravention under Regulation 4 (3) of the RBI notification no. FEMA 395/2019-RB dated October 17, 2019, and to apply for compounding of the contravention under Regulation 4 of the RBI notification no. FEMA 20(R)/ 2017-RB dated November 7, 2017. GIPL, through its authorised dealer bank, submitted a letter dated June 3, 2020 to the RBI explaining that it was not in contravention of Regulation 4. GIPL requested the RBI for waiver of late submission fees, waiver of applying for compounding and to approve the GIPL Transfer unconditionally. The recommendation to pay late submission fees and to apply for compounding was reiterated in the letter from the RBI dated October 26, 2020. Subsequently, our Company filed an application for compounding on July 5, 2021 ("**Compounding**

Application"), since GIPL did not receive a response from the RBI for the letter dated June 3, 2020. The matter is currently pending.

Litigation by our Company

Material Civil Litigation

Nil

Criminal Litigation

Nil

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Material Civil Litigation

Nil

However, certain and separate individuals have filed six complaints against Optival before various consumer forums that fall under the materiality threshold, among others, alleging (i) deficiency of services and unfair trade practice on account of selling spoiled/expired tablets; (ii) charging from customers amounts over and above the tax inclusive price in respect of certain products, etc. These matters are currently pending at different stages of adjudication. The Company has been impleaded as a party to one of the six complaints.

Criminal Litigation

Nil

Actions Taken by Regulatory and Statutory Authorities

Except as mentioned below, as of the date of this Draft Red Herring Prospectus, there are no pending actions by regulatory and statutory authorities against our Subsidiaries.

Optival

*Pursuant to the Scheme of Amalgamation, the business undertaking of Ritemed comprising of its retail trading of medicines and general items business together with inter-alia, all the assets, liabilities, rights, title, interest, obligations, risks and rewards relating to and arising out of the business undertaking was transferred to Optival as on April 1, 2016 ("**Appointed Date**"). All legal proceedings in relation to the said business undertaking, pending as on the Appointed Date or in respect of which, the cause of action had arisen on or prior to the Appointed Date, shall be managed by Optival and that all claims, liabilities, obligations etc., arising out of such legal proceedings shall be borne by Optival.*

1. The Drugs Inspector, Nagpur filed a complaint dated June 8, 2010 against Optival, the directors of Optival and the supervisor of the Sabhagruha branch, Nagpur before the Court of Additional Chief Judicial Magistrate, Nagpur, wherein the Drug Inspector alleged, among others, that (i) Optival's office at Laxminagar, Nagpur was used for storage of drugs without obtaining the requisite license; (ii) certain non-standard quality drugs were stored in the unlicensed premises, and (iii) the Mankapur branch license had been previously suspended and a fresh license had not been obtained and that all such actions are in contravention of sections 18 (a) (1) and 18 (c) of the Drugs and Cosmetics Act, 1940 ("**DCA**") read with the relevant corresponding rules under the Drugs and Cosmetics Rules, 1945 ("**Drugs and Cosmetics Rules**"). An order of issue process dated June 8, 2010 was passed against Optival, the directors of Optival and the supervisor of the Sabhagruha branch, Nagpur by the Additional Chief Judicial Magistrate, Nagpur. ("**Order**"). Aggrieved with the Order, Optival, the directors of Optival and the supervisor of the branch have preferred a criminal revision petition dated October 7, 2020 before the Court of Additional Sessions Judge – 8, Nagpur, praying, among others, that the Order be set aside. The Additional Sessions Judge – 8 by way of an order dated February 2, 2021, has set aside the Order as not applicable in respect of the Optival's ex director P. Srinivas and current director K. S. Murali Krishna finding that sufficient evidence did not exist to initiate the process of complaint against them. The matter is currently pending.

2. The Drugs Inspector, Tamil Nadu filed a complaint dated June 18, 2013 against Optival, the directors of Optival, the registered pharmacist and the assistant manager of the Kodambakkam branch, Chennai before the Court of Metropolitan Magistrate-IV, Saidapet, Chennai wherein the Drug Inspector alleged, among others, that (i) the Kodambakkam branch had made a few sales without the presence of the registered pharmacist; (ii) that these sales were made without being recorded in the prescription register, without maintaining proper records of purchase; (iii) that these sales were made without any valid prescriptions , and that all such actions are in contravention of Section 18 (c) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to filing of the Complaint, a show-cause notice was issued by the Drugs Inspector on March 21, 2011, against which Optival submitted a response on

February 6, 2012. The reply and the supporting documents and statements were found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. Aggrieved with the initiation of the said complaint, Optival and the directors of Optival have filed a petition under section 482, Code of Criminal Procedure, 1973 before the High Court of Madras, among others, praying to quash the aforesaid complaint. Simultaneous, miscellaneous application for staying the complaint proceedings was also moved by them. The Hon'ble High Court of Madras by way of order dated March 5, 2014 has been pleased to stay the complaint proceedings. The proceedings against the directors of Optival has been quashed by way of order dated February 22, 2019. The matter is currently pending.

3. The Drugs Inspector, Chennai filed a complaint dated April 9, 2014 against Optival, the directors of Optival and the operation manager of the MedPlus Pharmacy Saidapet branch, Chennai before the Court of Metropolitan Magistrate-IV, Saidapet, Chennai ("**Metropolitan Magistrate**"), wherein the Drugs Inspector allege, among others, that (i) the Saidapet branch had made a few sales without the presence of the registered pharmacist; (ii) that these sales were made without being recorded in the prescription register; and (iii) that sales in respect of certain schedule H drugs were made without any valid prescriptions , and that all such actions are in contravention of Section 18 (c) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to filing of the Complaint, a show-cause notice was issued by the Drugs Inspector on May 20, 2013, against which M/s MedPlus Pharmacy, Saidapet branch, Chennai, through its manager – operations, had submitted a response on September 4, 2013. The reply and the statements were found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. On filing of the complaint, summons dated May 30, 2014 were issued by the Metropolitan Magistrate to Optival, the directors of Optival and the operation manager of the MedPlus Pharmacy, Saidapet branch, Chennai. Aggrieved with the initiation of the said complaint, Optival and the directors of Optival have filed a petition under section 482, Code of Criminal Procedure, 1973 before the High Court of Madras, among others, praying to quash the aforesaid complaint. Simultaneous miscellaneous applications for staying the complaint proceedings and dispensing with the mandatory personal attendance of the representative and directors of Optival under section 205, Code of Criminal Procedure, 1973 respectively were also moved by them. The Hon'ble High Court by way of order dated July 2, 2014 has been pleased to dispense with the personal attendance of the representative and directors of Optival. The matter is currently pending.

4. The Drugs Inspector, Chennai filed a complaint against Optival, the directors of Optival, Manager – Operations and the person in-charge of the Kolathur branch, Chennai before the Court of Metropolitan Magistrate-X, Egmore, Chennai ("**Metropolitan Magistrate**"), wherein the Drugs Inspector alleged, among others, that (i) Kolathur branch had made sales in respect of certain drugs without the presence of the registered pharmacist; (ii) that the said sales were made without being properly recorded and signed by the registered pharmacist in the prescription register; (iii) that the said sales were made without raising memo at the time of supply of a few drugs; (iv) that a few wholesale sales were made without entering pertinent sale details, that all such actions are in contravention of Section 18 (c) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to filing of the Complaint, a show-cause notice was issued by the Drugs Inspector on February 3, 2014 to Optival, the directors of Optival, Manager – Operations and the person in-charge of the Kolathur branch, Chennai, against which they had submitted a response on May 2, 2014. The reply and the statements were found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. Aggrieved with the initiation of the said Complaint, Optival, the directors of Optival, Manager – Operations and the person in-charge of the Kolathur branch, Chennai have filed a petition under section 482, Code of Criminal procedure, 1973 on November 24, 2017 before the High Court of Madras contending that the complaint proceeding is arbitrary and the Drug Inspector failed to take into account the reply provided to the Drugs Inspector and among others, praying to quash the aforesaid complaint. Simultaneous miscellaneous applications for staying the complaint proceedings and dispensing with the mandatory personal attendance of the representative and director of Optival and the manager-operation and person in charge of the Kolathur branch, under section 205, Code of Criminal procedure, 1973 respectively were also moved by them. The Hon'ble High Court of Madras by way of an order dated January 24, 2018 was pleased to stay the complaint proceedings and by way of order dated November 28, 2017 to dispense with the personal attendance of the mandatory personal attendance of the representative and director of Optival and the manager-operation and person in charge of the Kolathur branch. The matter is currently pending.

5. The Drugs Inspector - 4, Bangalore filed a complaint against Optival, the directors of Optival, the deputy general manager and sales supervisor of the Kengeri branch, Bangalore before the Special Court for Economic Offences, Bangalore ("**Special Court**") wherein the Drug Inspector alleged, among others, that (i) the Kengeri branch made few sales without the presence of a registered pharmacist; (ii) that the said sales were also made without any prescriptions from any registered medical practitioner; (iii) that these sales were made without mentioning all relevant details of the supplier, (iv) that the branch also sold incorrect drugs; and that all such actions are in contravention of Section 18 (a)(vi) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to filing of the complaint, the drugs alleged to have been sold incorrectly by the respective branch were seized by the Drugs Inspector with the permission of the Court on June 27, 2016, against which Optical filed a response on June 27, 2016 and supporting statements were made before the Assistant Drug Controller on June 28, 2016 by the representatives of the Optival. The reply and the statements were found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. Aggrieved with the initiation of the said complaint, Optival, the directors of Optival, the deputy general manager and sales supervisor of the Kengeri branch, Bangalore have filed a petition under section 482, Code of Criminal Procedure, 1973 on October 24, 2016 before the High Court of Karnataka, among others, praying to quash the aforesaid complaint. Simultaneous miscellaneous application for staying the complaint proceedings was also made by Optival, the directors of Optival, the deputy general manager and sales supervisor of the Kengeri branch, Bangalore. The Hon'ble High

Court of Karnataka by way of order dated October 24, 2016 has been pleased to stay the complaint proceedings against the directors of Optival. The matter is currently pending.

6. The Drug Inspector Kanchipuram II Range, Tamil Nadu filed a complaint against Optival, the directors of Optival, and general manager of the Kovur branch, Chennai before the Chief Judicial Magistrate, Chengalpattu ("**CJM**") wherein the Drug Inspector alleged, among others, that (i) stock transfer bills of the respective branch were incomplete and unsigned; (ii) that certain products were stocked in the outlet without valid purchase invoices; and that all such actions are in contravention of the Section 18 (c) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to the filing of the complaint, a show-cause notice was issued to Optival on May 25, 2015 against which Optival submitted responses on June 2, 2015 and July 20, 2015. The reply was found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. Against initiation of such proceedings, Optival, the directors of Optival, and general manager of the Kovur branch, Chennai have filed a petition under section 482, Code of Criminal Procedure, 1973 before the High Court of Madras on August 24, 2017, contending that appropriate responses for contravention of the DCA have been provided and there was no grievous loss caused to the state and among others praying to quash the aforesaid complaint. Simultaneous miscellaneous applications for staying the complaint proceedings and dispensing with the personal attendance of the directors under section 205, Code of Criminal Procedure, 1973 respectively were also moved by them. The Hon'ble High Court of Madras by way of order dated January 11, 2018 was pleased to stay the complaint proceedings. The matter is currently pending.

7. The Drugs Control Department, State of Tamil Nadu ("**Departmen**t") filed a complaint against Ritemed, the directors of Ritemed, and the manager of the New Washeremempet branch, Chennai before the Court of XV Metropolitan Magistrate, Georgetown, Chennai ("Metropolitan Magistrate") wherein the Department alleged, among others, that (i) sales in respect of certain drugs were made without the presence of a registered pharmacist at the sale outlet, (ii) that few entries in the prescription register corresponding to certain sales were not signed by the registered pharmacist, (iii) that relevant entries corresponding to certain days were not made in the prescription register and that all such actions are in contravention of the Section 18 (c) and 27 (d) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to the filing of the complaint, a show-cause notice was issued to the New Washeremempet branch on February 9, 2015. A response was submitted by Ritemed, on behalf of M/s MedPlus Pharmacy on March 3, 2015. The reply was found unsatisfactory by the Department leading to initiation of the complaint process. After due hearing in the complaint, the Metropolitan Magistrate by way of judgment and order dated December 19, 2016 acquitted Ritemed, the directors of Ritemed, and the manager of the New Washeremempet branch, Chennai. Aggrieved with the said acquittal order, the Public Prosecutor, High Court of Madras, preferred an appeal on contending that, among others, the (i) acquittal was against law and weight of evidence; (ii) that several license conditions were breached; (iii) that the directors had not proven that they were not involved in day to day activities, etc. The matter is currently pending.

8. Drug Inspector, Mettupalayam Range, Office of the Assistant Director of Drugs Control, CBE Zone filed a complaint against Optival, the directors of Optival and person-in-charge of the Annur branch, Coimbatore before the Judicial Magistrate Court, Mettupalayam, ("**Judicial Magistrate**") wherein the Drug Inspector alleged, among others, that (i) sales in respect of certain drugs were made without the presence of a registered pharmacist at the sale outlet; (ii) that prescription registers were improperly maintained; (iii) that Optival, the directors of Optival and person-in-charge of the Annur branch, Coimbatore had failed to report changes in the list of qualified sales persons; (iv) certain sales were made without raising appropriate corresponding memo and that all such actions are in contravention of Section 18(c) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to filing of the complaint, a show-cause notice dated March 18, 2015 was issued to Optival, against which Optival had submitted its reply dated April 7, 2016. The reply was found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. Accordingly, the summons were issued to Optival, the directors of Optival and person-in-charge of the Annur branch, Coimbatore on May 19, 2017. Against initiation of such proceedings, Optival and the directors of M/s MedPlus Pharmacy have filed a petition under section 482, Code of Criminal Procedure, 1973 before the High Court of Madras on November 24, 2017, among others praying to quash the aforesaid complaint. Simultaneous miscellaneous applications for staying the complaint proceedings 2016 and dispensing with the mandatory personal attendance of the directors of Optival under section 205, Code of Criminal Procedure, 1973 respectively were also moved by Optival, the directors of Optival and person-in-charge of the Annur branch, Coimbatore. The Hon'ble High Court of Madras by way of order dated January 24, 2018 was pleased to stay the complaint proceedings and dispense with the personal attendance of the directors of Optival. The matter is currently pending.

9. The Drug Inspector, Mettupalayam Range, Office of the Asst. Director of Drugs Control, CBE Zone ("Drug Inspector") filed a complaint dated September 11, 2017 against Optival, director of Optival and person-in-charge of the Annur branch, Coimbatore before the Judicial Magistrate Court, Mettupalayam, ("Judicial Magistrate") wherein the Drug Inspector alleged, among others, that (i) sales in respect of certain drugs were made without the presence of a registered pharmacist at the sale outlet; (ii) that prescription registers were improperly maintained; (iii) that Optival, director of Optival and person-in-charge of the Annur branch, Coimbatore had failed to report changes in the list of qualified sales persons, (iv) certain sales were made without raising appropriate corresponding memos and that all such actions are in contravention of Section 18(c) of the DCA read with the corresponding Drugs and Cosmetics Rules. Prior to filing of the complaint, a show-cause notice dated November 23, 2016 was issued to Optival, against which Optival had submitted its reply dated December 30, 2016. The reply was found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. Aggrieved with initiation of the Complaint, Optival, the directors of Optival and the person-in-charge of the Annur branch, Coimbatore have filed a petition under section 482, Code of

Criminal Procedure, 1973 before the High Court of Madras, among others praying to quash the aforesaid complaint. Simultaneous miscellaneous applications for staying the complaint proceedings and dispensing with the personal attendance of the representative and whole-time director of Optival under section 205, Code of Criminal Procedure, 1973 respectively were also moved by them. The Hon'ble High Court of Madras by way of an order dated August 28, 2019 has been pleased to dispense with the personal attendance of the directors of Optival and additionally, directed the presiding Judicial Magistrate to dispose of the complaint proceedings within three months from receipt of the said order from the High Court. The matter is currently pending.

10. The Drugs Control Department, State of Tamil Nadu ("**Department**") filed a complaint dated January 31, 2007 against Ritemed, directors of Ritemed, manager and the store employees of the Virugambakkam branch, Chennai before the IV Metropolitan Magistrate Court, Saidapet, Chennai ("**Metropolitan Magistrate**") wherein the Department alleged, among others, that (i) Ritemed, directors of Ritemed, manager and the store employees of the Virugambakkam branch, Chennai had not maintained the prescription registers as is otherwise mandatorily required as a condition of the license and (ii) the concerned store/outlet had dispensed certain medicines without the presence of a registered pharmacist at the store/outlet at the time of such dispensation in contravention of conditions of the license prescribed in Rule 65, Drugs and Cosmetics Rules. Prior to filing of the complaint, a show-cause notice dated November 25, 2013 was issued to Optival, against which Optival had submitted its reply dated February 10, 2015. The reply was found unsatisfactory by the Drugs Inspector leading to initiation of the complaint process. After due hearing in the matter, Ritemed, directors of Ritemed, manager and the store employees of the Virugambakkam branch, Chennai were acquitted by way of judgment and order dated April 13, 2017 passed by the presiding Metropolitan Magistrate. Aggrieved with the acquittal judgment and order dated April 13, 2017, the Department has preferred an appeal, on March 26, 2018 before the III Additional Judge, City Civil and Sessions Court, Chennai. The matter is currently pending.

11. The Drug Inspector, Avadi Range, Office of Assistant Director of Drugs Control, Thiruvallur Zone had filed a complaint against Ritemed, director of Ritemed and assistant manager of the MedPlus Pharmacy, Thirumullaivoyil branch, Chennai before the Court of Chief Judicial Magistrate, Thiruvallur ("**Chief Judicial Magistrate**"), wherein the concerned Drug Inspector alleged, among others, that (i) the MedPlus Pharmacy, Thirumullaivoyil branch had sold a particular drug at the old maximum retail price, thereby overcharging for the drug, and (ii) that the branch had not displayed the current price list at the respective branch and that all such actions are in contravention of Section 3 of the Essential Commodities Act, 1955 read with Para 25 of the Drugs (Price Control) Order, 2013. Prior to filing of the complaint, a show-cause notice dated August 16, 2017 was issued to Optival, against which Optival had submitted its reply dated October 27, 2017. The reply was found unsatisfactory by the Drugs Inspector leading to initiation of the Complaint. Against initiation of such proceedings, Ritemed, director of Ritemed and assistant manager of the MedPlus Pharmacy, Thirumullaivoyil branch, Chennai have filed a petition under section 482, Code of Criminal Procedure, 1973 before the High Court of Madras, among others praying to quash the aforesaid complaint. Simultaneous miscellaneous applications for staying the complaint proceedings and dispensing with the personal attendance of the representative and director of Ritemed under section 205, Code of Criminal Procedure, 1973 respectively were also moved by them. The Hon'ble High Court of Madras, Chennai by way of order dated July 8, 2019 has been pleased to allow both miscellaneous applications and has been pleased to grant a stay on the complaint proceedings and dispense with the personal attendance of the the representative and director of Ritemed. The matter is currently pending.

12. The Assistant Drug Controller, Bangalore ("**ADC Banglore**") had filed a complaint dated March 21, 2019 against Ritemed, directors of Ritemed and the in-charge official of the MedPlus Pharmacy, Padmanabhanagar branch, Bangalore before the 3rd Additional Chief Metropolitan Magistrate, Bangalore, wherein the ADC Bangalore alleged, among others, that Ritemed had billed the customer for eight tablets whereas actually only seven tablets were provided and thus, had collected Rs. 1.12 in excess. The collection of the said excess amount, in the opinion of ADC Bangalore, is in contravention of Para 26 of the Drugs (Price Control) Order, 2013 read with Section 7 (1) (a) (ii) of the Essential Commodities Act, 1955. The complaint has been filed pursuant to the show-cause notice issued to Ritemed on September 14, 2016 and Ritemed's responses dated October 7, 2016 and DMPL's response dated November 11, 2016 to the said notice. The matter is currently pending.

13. The Food Security Officer, on behalf of the Government of Tamil Nadu, had filed a complaint against MHSPPL, directors of MHSPPL, MedPlus Pharmacy (unit of Optival), Tiruchengode branch, Namakkal district, and directors of MedPlus Pharmacy, before the Criminal Arbitration Court-IV, Tiruchengode, wherein the Food Security Officer alleged that the sample of jaggery sold at the branch was found to be unsafe and of poor quality, and was in contravention of Section 51, 59 (i) and 63 of the Food Safety and Standards Act, 2006. Summons dated February 26, 2021 was issued by the Judicial Magistrate, Tiruchengode to MedPlus Pharmacy, to appear before the Judicial Magistrate on March 5, 2021. The matter is currently pending.

MHSPPL

For details in relation to CC No. 279/2020, see "Litigation against our Subsidiaries – Actions Taken by Regulatory and Statutory Authorities – point 13" on page 281.

Litigation by our Subsidiaries

Material Civil Litigation

Except as mentioned below, as of the date of this Draft Red Herring Prospectus, there are no pending material civil litigations by our Subsidiaries.

Optival had lent a sum of ₹26 million against collateral of immovable property to Rama Mohan Reddy ("Rama Mohan"), which Rama Mohan failed to repay. Optival invoked the arbitration clause under the loan agreement between Optival and Rama Mohan, for recovery of ₹39.53 million inclusive of interest. The arbitration award by a sole arbitrator was passed in favour of Rama Mohan. Optival filed an appeal against the award before the City Civil Court, Hyderabad bearing O.P.No.2233/2018. The matter is currently pending.

Criminal Litigation

Nil

Litigation involving our Promoters

Actions Taken by Regulatory and Statutory Authorities against our Promoter, Gangadi Madhukar Reddy

For details in relation to CC No. 2410/2014, CC No. 178/2016 and CC No. 279/2020 see – "Litigation against our Subsidiaries – Actions Taken by Regulatory and Statutory Authorities – point 3, 5 and 13" on pages 279, 279 and 281.

Litigation involving our Directors

Actions Taken by Regulatory and Statutory Authorities against our Director, Gangadi Madhukar Reddy

1. For details in relation to CC No. 2410/2014, CC No. 178/2016 and CC No. 279/2020, *see – "Litigation against our Subsidiaries – Actions Taken by Regulatory and Statutory Authorities – point 3, 5 and 13" on pages 279, 279 and 281.*

Litigation involving our Group Company

As of the date of this Draft Red Herring Prospectus, there are no pending litigations involving our Group Entities that are material to the Company.

Tax Proceedings

Except as disclosed below, there are no claims related to direct and indirect taxes involving our Company, Subsidiaries, Directors and Promoters.

Nature of case	Number of cases	Amount involved (in ₹ million)
Proceedings involving the Company		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Proceedings involving the Subsidiaries		
Direct Tax	5	304.61
Indirect Tax	7	9.72
Proceedings involving the Director		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Proceedings involving the Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Material tax proceedings involving our Subsidiaries

Optival

*Pursuant to the Scheme of Amalgamation, the business undertaking of Ritemed comprising its retail trading of medicines and general items business together with inter-alia, all the assets, liabilities, rights, title, interest, obligations, risks and rewards relating to and arising out of the business undertaking was transferred to Optival as on April 1, 2016 ("**Appointed Date**"). All legal proceedings in relation to the said business undertaking, pending as on the Appointed Date or in respect of which, the cause of action had arisen on or prior to the Appointed Date, shall be managed by Optival and that all claims, liabilities, obligations etc., arising out of such legal proceedings shall be borne by Optival.*

1. The Income Tax Officer, Income Tax Department Hyderabad ("**AO Hyderabad**") issued a show-cause notice and assessment order on December 31, 2016 to Ritemed, wherein the AO, Hyderabad had alleged failure on the part of Ritemed to substantiate with sufficient or relevant supporting documents, the claims of expenditure in the financial statements of Ritemed for the Assessment Year 2013–14 from Ritemed. The net profit margin in the medicinal industry was assessed by the officer in other pharmaceutical stores, and based on the assessment of the officer, the income was as assessed at 3% of the total turnover of Ritemed, instead of the value disclosed by Ritemed. For the assessment year 2014-15, the total tax payable by Ritemed as calculated by the AO Hyderabad was ₹26.07 million. On January 25,

2017, Ritemed filed a rectification application, requesting the AO Hyderabad to consider set off of unabsorbed losses and depreciation from previous years which Ritemed is eligible to claim, thus eliminating the entire tax liability for the assessment year 2014-15. On February 15, 2017, Ritemed filed an appeal before the Commissioner of Income Tax (Appeals), Hyderabad – 3 ("**CIT (A) Hyderabad**") against the order dated December 31, 2016 issued by the AO Hyderabad, stating that the submissions and certified accounts submitted to AO, Hyderabad were not considered, that AO Hyderabad also did not account for set off of unabsorbed losses and depreciation, and that further, it calculated income on the basis of estimation and seeking, among others, deletion of addition of estimated profit and quashing of penalty proceedings initiated by AO, Hyderabad. Post due hearing on February 20, 2020, the case was remanded back to the AO Hyderabad. On August 4, 2020, Optival sought complete relief in the matter before the CIT (A) Hyderabad, and further requested for a hearing date to be fixed. This matter is currently pending.

2. The Income Tax Officer, Income Tax Department Hyderabad ("**AO Hyderabad**") issued a show-cause notice and notice of demand to Ritemed on February 28, 2015 wherein the AO, Hyderabad had alleged that certain capital expenses such as purchase of storage boxes, fans, cycles, repair costs and loan processing charges were claimed as revenue expenses by Ritemed and were therefore being disallowed. Rent paid for certain stores, advances paid, credit card commission and home delivery expenses were also disallowed due to lack of supporting documents. Manpower expenses including service tax inputs claimed as a loss was further disallowed with the reasoning that Ritemed is not a service providing business or in the business of manpower deployment. The total disallowed expense was ₹18.36 million. On May 5, 2015, Ritemed preferred an appeal with the Commissioner of Income Tax (Appeals), Hyderabad – IV ("**CIT (A) Hyderabad**"), among others stating that purchase of storage boxes, loan processing charges, drug license processing, credit card commission, home delivery charges, etc. are expenses incurred in the ordinary course of business and should be considered revenue expenses; that rent expenses disallowed was incorrect as business has commenced in such stores; that no opportunity of being heard was provided before disallowing the manpower expenses etc. On November 1, 2019, the CIT (A) Hyderabad dulypassed an order, allowing the said appeal partly and allowing the claim of expenses of ₹10.16 million and confirming the disallowance for the remaining expenses. Against the said order of CIT, on January 17, 2020, Optival has further preferred an appeal with the Income Tax Appellate Tribunal, claiming that the remaining expenses of ₹8.19 million were also revenue in nature as they were incurred in the ordinary course of business and accordingly, should be allowed. The matter is currently pending.

3. The Office of the Assistant Commissioner of Income Tax, Hyderabad ("**ACIT Hyderabad**") issued an assessment order and notice of demand on December 31, 2019 among others disallowing depreciation on goodwill of ₹208.16 million and treating the goodwill balance as nil as opposed to ₹829.95 million, alleging that the valuation of goodwill arising out of the amalgamation of Ritemed and Optival is incorrect due to being unverified and artificial. The disallowed depreciation was added to the income of Optival, giving rise to a demand of ₹121,073. On January 29, 2020, Optival preferred an appeal with the Commissioner of Income Tax (Appeals), Hyderabad – 4 ("**CIT (A) Hyderabad**"), among others seeking relief to not treat goodwill value as nil and to allow depreciation on goodwill on the ground that goodwill transferred on amalgamation is a depreciable intangible asset and the law on assets not in the books of accounts permits such valuation of goodwill. Pending the appeal, a show-cause notice for levy of penalty for non-payment of demand amount was served upon Optival by the ACIT Hyderabad on February 4, 2020. Optival filed a response to the show-cause notice with the DCIT on February 5, 2020 stating that a rectification application of the assessment order and an appeal with the CIT (A) Hyderabad has been filed, during the pendency of which such penalty cannot be imposed. On August 21, 2020, Optival requested the DCIT to take into account the rectification application filed before it and pass a revised order. The matter is currently pending.

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4. The Income Tax Officer, Income Tax Department, Bangalore issued a final assessment order and a notice of demand on November 28, 2019 with a demand for ₹192.53 million due to the difference of ₹420.37 million in the turnover of the Company as per VAT returns and as per financials of the Company for the financial year 2016 - 2017, alleging that Deccan's response that the VAT returns are based on maximum retail price ("**MRP**") and the financials are based on the discounted prices of the products sold has not been substantiated. Aggrieved by the order, on December 13, 2019, Deccan filed an appeal with the Commissioner of Income Tax (Appeals), Bangalore ("**CIT(A) Bangalore**") seeking relief from paying the additional amount. On January 23, 2020, the written submissions for the appeal were filed with the CIT (A) Bangalore by Deccan. On February 7, 2020, the Deputy Commissioner of Income Tax – Circle 2 (1) (2) ("**DCIT**") submitted a remand report to the CIT (A) Bangalore stating that as per the VAT laws of Karnataka, VAT is paid on the MRP of goods and therefore the financials of Deccan are in line with the VAT returns for the financial year 2016 - 2017. On March 12, 2020, Deccan submitted its response to the remand report to CIT (A) Bangalore stating that since the DCIT has mentioned that the financials of Deccan are in line with the VAT returns, the additional amount payable ought to be deleted. The appeal order is yet to be received from the CIT (A) Bangalore. The matter is currently pending.

Outstanding dues to Creditors

As of March 31, 2021, our Company has 1,358 creditors, and the aggregate outstanding dues to these creditors by our Company are ₹1480.99 million. Further, our Company owes an amount of ₹2.31 million to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

In accordance with the policy of materiality for identification of material outstanding dues to creditors considered and adopted by our Board pursuant to the Board resolution dated August 3, 2021, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer documents if the amounts due to such creditor exceed 5% of the total trade payables (excluding provisions) of the Company as of March 31, 2021, which is ₹1,480.99 million i.e., creditors of our Company to whom our Company owes an amount exceeding ₹74.05 million have been considered material. As of March 31, 2021, there are three material creditors to whom our Company owes an aggregate amount of ₹452.15 million.

Details of outstanding dues owed to material creditors, MSMEs and other creditors as of March 31, 2021 are set out below

Types of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	18	2.31
Material Creditors	3	452.15
Other Creditors	1,337	1,026.54
Total	**1,358**	**1,480.99**

The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at https://www.medplusindia.com/financials.jsp.

It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, https://www.medplusindia.com, would be doing so at their own risk.

Material Developments

Other than as stated in the section titled "*Management's Discussion and Analysis Of Financial Condition And Results Of Operations*" on page 258, there have not arisen, since the date of the last financial statement disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Company and our Subsidiaries which are considered material and necessary for the purpose of undertaking and running its business activities. In view of these key approvals, our Company can undertake the Offer and its business activities. In addition, certain of our key approvals may expire in the ordinary course of business and our Company and our Material Subsidiary will make applications to the appropriate authorities for renewal of such key approvals, as necessary. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" on page 133.

A. Incorporation details

For incorporation details of our Company, see "*History and Certain Corporate Matters*" on page 141.

For incorporation details of our Material Subsidiary, namely, Optival, see "*History and Certain Corporate Matters* **-** *Our Subsidiaries*" on page 146.

B. Approvals in relation to the Offer

For details regarding the approvals and authorizations obtained by our Company and Material Subsidiary in relation to the Offer, see "*Other Regulatory and Statutory Disclosures* **-** *Authority for the Offer*" on page 288.

C. Key approvals in relation to our Company and Material Subsidiary

1. Approvals in relation to our Company's manufacturing facilities and business operations

a) License issued by the Drugs Control Department, State of Telangana to licence to sell, stock, exhibit or offer for sale, or distribute drugs, under the Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945

b) License to establish, operate and work factories issued by the Inspector of Factories, Labour Department, State of Telangana under the Factories Act, 1948 and Telangana Factory Rules, 1950 with respect to all the premises being used as factories;

c) Central License issued by Designated Officer, FSSAI Chennai, Food Safety and Standards Authority of India to operate head/registered offices and to undertake trade/retail wholesale, distribution, supply and marketer of food business, under the Food Safety and Standards Act, 2006;

d) Central License issued by Designated Officer, FSSAI Chennai, Food Safety and Standards Authority of India to import and to undertake trade/retail marketer of food business, under the Food Safety and Standards Act, 2006;

e) Consent to Operate issued by State Pollution Control Board, State of Telangana;

f) License issued by the Drugs Control Department of State of Telangana to manufacture cosmetics, under the Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945;

g) Excise License issued by the Office of Commissioner, Prohibition and Excise, Telangana, Hyderabad for the possession and use of absolute alcohol to manufacture hand sanitizers, under the Telangana State Excise Act, 1968 and Telangana State R. S. Rules, 1971;

h) Certificates of Registration under the Andhra Pradesh Private Medical Care Establishments (Registration and Regulation) Act, 2002 in respect of the pathology labs operated by the Company; and

i) Certificates of Registration under the Telangana Allopathic Private Medical Care Establishments (Registration and Regulation) Act, 2002 in respect of the pathology labs operated in Telangana by the Company

2. Approvals in relation to our Material Subsidiary's business operations

a) Licenses issued by the Drugs Control Department of Karnataka, Tamil Nadu, Andhra Pradesh, Maharashtra, Odisha, Telangana, and West Bengal to sell, stock, exhibit or offer for sale drugs, under the Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945

b) Central License issued by Designated Officer, FSSAI Chennai, Food Safety and Standards Authority of India to operate head/registered offices and to undertake trade / retail wholesale food business, under the Food Safety and Standards Act, 2006;

c) Registration certificate issued by the Department of Telecommunication, Ministry of Communication, Government of India, registering Optival as an other service provider ("OSP") for setting up a domestic OSP centre, under the New Telecom Policy, 1999;

d) Registration issued by the Governments of Karnataka, Tamil Nadu, Maharashtra, Andhra Pradesh, Odisha, Telangana and West Bengal to undertake retail food business, under the Food Safety and Standards Act, 2006;

e) Registration of establishment issued by the Department of Labour, Governments of Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Maharashtra, Odisha and West Bengal, under the respective state shops and establishment acts;

f) Trade licenses, including provisional trade licenses, issued by the municipal corporations of various towns and cities in Tamil Nadu, Andhra Pradesh, Telangana, Odisha and West Bengal, under the respective municipal corporation acts; and

g) Authorisation issued by the State Pollution Control Board of Telangana, Andhra Pradesh, and Karnataka, for generation, segregation and safe disposal of bio-medical waste, under the Bio-medical Waste Management Rules, 2016, in relation to the collection centres.

3. Foreign trade related approvals

Our Company has obtained an importer exporter code bearing number 0907011284 dated September 27, 2007 and Optival has obtained an importer exporter code bearing number 0906007810 dated August 7, 2006 from the Office of Joint Director General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India.

4. Tax related approvals

(a) The permanent account number of our Company and Material Subsidiary are provided below:

Company name	Registration number
Company	AAECM9412H
Optival	AAACO7727M

(b) The tax deduction account number (TAN) of our Company and Material Subsidiary are provided below:

Company name	Registration number
Company	HYDM06458E
Optival	HYDO00629G

(c) Our Company and Material Subsidiary have obtained professional tax registrations, and goods and services tax identification numbers under the applicable provisions of the goods and services tax legislations applicable in the states and union territories where our business operations are located.

5. Labour related approvals

Our Company and Material Subsidiary have obtained registrations under various employee and labour related laws including Factories Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Employees State Insurance Act, 1948 and the state specific shops and establishment and municipal legislations.

6. Intellectual property

Our Company has seven registered trademarks under the Trademarks Act, 1999 including registrations for the trademark 'MedPlus', which is the trademark for our primary business operations, under classes 41 and 42. Further, our trademark applications for the trademarks 'MedPlus' under three classes and 'Medplus Mart' have been opposed, for the trademarks 'MedPlus Opticians', 'MedPlus', 'GLUCIPRO' and 'LEVICARE' have been objected, for the trademarks 'WWW.MEDPLUSLAB.COM' and 'WWW.MEDPLUSLENS.COM' have been marked for examination report, and for the trademark 'KIDDOS TOOTH BRUSH' the examination report is awaited. For further information, see "*Our Business*" on page 119.

Our Material Subsidiary Optival has one registered trademark under the Trademarks Act, 1999. Further, our trademark applications for the trademarks 'RiteCure' under class 5 and 44 have been objected and are ready for show-cause hearing.

D. Renewals applied for but not received

As on the date of this Draft Red Herring Prospectus, the following are the renewals for approvals applied for but not received by our Company or Material Subsidiary:

a) License to sell, stock, exhibit or offer for sale drugs, under the Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945 for four stores in West Bengal;

b) Registration to undertake retail food business, under the Food Safety and Standards Act, 2006 for 79 stores in the states of Karnataka, Maharashtra, Telangana, Tamil Nadu, Odisha and West Bengal;

c) Registration of establishment under the respective state shops and establishment acts for 49 stores in West Bengal, Tamil Nadu, Karnataka and Odisha; and

d) Trade licenses, including provisional trade licenses, under the Orissa Municipal Corporation Act, 2003 for 75 stores in Odisha for 75 stores in Odisha.

E. Approvals expired and renewal to be applied for

As on the date of this Draft Red Herring Prospectus, the following are the approvals that have expired or have not been renewed by our Company or our Material Subsidiary:

a) License to sell, stock, exhibit or offer for sale drugs, under the Drugs and Cosmetics Act, 1940 read with the Drugs and Cosmetics Rules, 1945 for one store in West Bengal;

b) Registration to undertake retail food business, under the Food Safety and Standards Act, 2006 for six stores in Andhra Pradesh, Telangana, and Tamil Nadu; and

c) Registration of establishment under the respective state shops and establishment acts for 16 stores in West Bengal.

F. Approvals not applied for

As on the date of this Draft Red Herring Prospectus, the following approvals that have not been applied for by our Company or our Material Subsidiary:

a) Registration to undertake retail food business, under the Food Safety and Standards Act, 2006 for 72 stores in Andhra Pradesh, Maharashtra, Telangana, Tamil Nadu and West Bengal;

b) Registration of Establishment under the respective state shops and establishment acts for 23 stores in Andhra Pradesh and Maharashtra; and

c) Trade licenses under the respective municipal corporation acts for 877 stores in Tamil Nadu, Karnataka, Maharashtra, Andhra Pradesh, Telangana, Odisha and West Bengal.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on August 3, 2021 and our Shareholders have approved the Fresh Issue pursuant to a special resolution passed on August 5, 2021. This Draft Red Herring Prospectus has been approved pursuant to a resolution passed by the Board on August 10, 2021 and the IPO Committee on August 16, 2021.

Each of the Selling Shareholders have, severally and not jointly, confirmed and approved its participation in the Offer for Sale in relation to its portion of Offered Shares. For details, see "*The Offer*" on page 50.

Other than as exempted pursuant to the Exemption Application, the Equity Shares being offered by the Selling Shareholders in the Offer for Sale have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered in the Offer for Sale.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of our Promoter Group, Directors, persons in control of our Company and the persons in control of the Corporate Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoters, Selling Shareholders or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Each Selling Shareholder, severally and not jointly, confirms that they have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI, any other governmental authority or any securities market regulator in any other jurisdiction or any other authority/court.

Directors associated with the Securities Market

None of our Directors are associated with securities market related business, in any manner and there have been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters, members of our Promoter Group and the Selling Shareholder severally and not jointly, confirm that it is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

- Our Company has changed its name from 'MedPlus Health Services Private Limited' to 'MedPlus Health Services Limited' pursuant to a special resolution passed by our Shareholders at the EGM held on June 1, 2021.

The computation of Net Tangible Assets, as restated and consolidated; Operating Profit, as restated and consolidated; Net Worth, as restated and consolidated, Monetary Assets, as restated and consolidated as derived from the Restated Consolidated Financial Information, as at and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019, is set forth below:

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Net Tangible Assets*, as restated and consolidated (A) *(₹ in million)*	6,472.25	4,435.54	1,988.55
Operating Profit**, as restated and consolidated (B) *(₹ in million)*	1,283.98	911.68	605.51
Net Worth***, as restated and consolidated (C) *(₹ in million)*	7,311.02	5,291.02	2,913.53
Monetary Assets#, as restated and consolidated (D) *(₹ in million)*	1,490.99	1,406.92	499.07
Monetary Assets, as restated and consolidated as a % of Net Tangible Assets[##], as restated and consolidated (E)=(D)/(A) (in %)	23.04%	31.72%	25.09%

Source: Restated Consolidated Statement of Balance Sheet and Restated Consolidated Statement of Profit and Loss of the Company as included in the Draft Red Herring Prospectus under the section "Financial Statements".

**Net Tangible Assets, Restated and consolidated, means the sum of all net assets of the Issuer and excluding intangible assets including goodwill, intangible assets under development and deferred tax assets each on restated basis and as defined in Indian Accounting Standard 38*

Calculation of restated Net Tangible Assets:

(₹ in million)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Total assets (A)	15,656.58	13,486.96	9,587.11
Less: Intangible assets (B)	(38.21)	(17.78)	(11.99)
Less: Goodwill (C)	(414.51)	(414.51)	(414.51)
Less: Intangible assets under development (D)	-	(21.62)	-
Less: Deferred tax assets (E)	(386.07)	(401.57)	(498.47)
Total (F) = [A-B-C-D-E]	**14,817.79**	**12,631.48**	**8,662.14**
Non-current liabilities (G)	4,196.14	3,385.08	2948.15
Add: Current liabilities (H)	4,149.40	4,810.86	3,725.44
Total (I) = [G+H]	**8,345.54**	**8,195.94**	**6673.59**
Net Tangible Assets (restated and consolidated) **(J=F-I)**	**6,472.25**	**4,435.54**	**1988.55**

***Restated and consolidated Operating Profit has been calculated as restated and consolidated net profit before tax excluding other income, finance cost and net loss on fair value changes each on a restated and consolidated basis.*

Calculation of restated Operating Profit:

(₹ in million)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Profit / (Loss) before tax (A)	950.98	293.59	227.51
Less: Other income (B)	(215.45)	(172.84)	(122.03)
Add: Finance costs (C)	548.45	467.96	500.03
Add: Net loss on fair value changes (D)	-	322.97	-
Operating Profit (restated and consolidated) (E) = [A-B+C+D]	**1,283.98**	**911.68**	**605.51**

****Restated and consolidated [Net Worth] has been defined as the aggregate of share capital, other equity and non-controlling interest of the Company on restated basis.*

Calculation of restated Net Worth:

(₹ in million)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Share capital (A)	4.48	1.94	1.94
Other Equity (B)	7,301.05	5,276.08	2,911.43
Equity attributable to owners of the Company (C) = [A+B]	**7,305.53**	**5,278.02**	**2,913.37**
Non- controlling interest (D)	5.51	13.00	0.16
Net Worth (restated and consolidated) (E) = [C+D]	**7,311.04**	**5,291.02**	**2,913.53**

 # Restated and consolidated Monetary Assets = Cash on hand + balance with bank in current accounts + balance with bank in deposit accounts + other bank

balances on restated basis.

Calculation of Monetary Assets

(*₹ in million*)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Cash on hand	57.49	57.05	62.74
Balance with banks:			
in current accounts	145.67	204.08	181.89
in deposit accounts	865.00	878.03	6.20
Other bank balances	422.83	267.76	248.24
Total monetary assets (restated and consolidated) (D)	**1,490.99**	**1,406.92**	**499.07**

'Monetary Assets as restated as a percentage of the Net Tangible Assets' means Monetary Assets as restated divided by Net Tangible Assets, as restated, expressed as a percentage.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, our Promoters, members of our Promoter Group, the Selling Shareholders and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors are associated as a promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoters, or Directors is a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Promoters or Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Except employee stock options granted pursuant to the ESOP Plan and the Preference Shares, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company along with Registrar to the Offer has entered into tripartite agreements dated January 8, 2013 and March 28, 2012 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in the dematerialised form;

(viii) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus; and

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, AXIS CAPITAL LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, BEING ("BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE, SEVERALLY AND NOT JOINTLY, RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THE RESPECTIVE PORTION OF THE EQUITY SHARES BEING OFFERED BY THEM IN THE OFFER FOR SALE, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED

AUGUST 16, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, our Directors and BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website www.medplusindia.com, or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, its Subsidiaries, the Selling Shareholders, their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiaries, the Selling Shareholders, their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer from the Selling Shareholders

The Selling Shareholders accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.medplusindia.com, or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

Each of the Selling Shareholder, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its proportion of the Offered Shares.

None among the Selling Shareholders shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to the Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only. This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares Alloted through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to the Company and the Investor Selling Shareholder as to Indian Law, Legal Counsel to the Promoter Selling Shareholder as to Indian Law, Legal Counsel to the BRLMs as to Indian Law, International Legal Counsel to the BRLMs, Bankers to our Company, the BRLMs, Registrar to the Offer, Technopak, and consents in writing of the Syndicate Members, Monitoring Agency, Escrow Collection Bank(s)/Refund Bank(s)/ Public Offer Account/ Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 16, 2021 from B S R & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 3, 2021 on our Restated Consolidated Financial Information; and (ii) their report dated August 16, 2021 on the statement of tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent from Servel Krishna Engineers Pvt Ltd, Chartered Engineer, chartered engineer to include their name as an "expert" as defined under section 2(38) of the Companies Act in respect of the information in certificate dated August 16, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from GPHK & ASSOCIATES, Chartered Accountants, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act with respect to the information in certificate dated August 16, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated August 12, 2021 from Technopak Advisors Private Limited, to include their name as an "expert" as defined under section 2(38) of the Companies Act with respect to the Technopak Report and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Company and listed group company, subsidiaries or associate entities during the last three years

Other than as disclosed in "*Capital Structure*" on page 66, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Our Company does not have any listed subsidiaries, Group Company or Promoters.

As of the date of this Draft Red Herring Prospectus, our Company does not have any associate entity.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public issue in the five years preceding the date of this Draft Red Herring Prospectus. Our Company has not undertaken any rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company

Our Company does not have any listed subsidiaries or promoters.

Price information of past issues handled by the BRLMs

1. Axis Capital Limited

1. Price information of past issues handled by Axis Capital Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Clean Science and Technology Limited	15,466.22	900.00	19-Jul-21	1,755.00	-	-	-
2.	India Pesticides Limited	8,000.00	296.00	5-Jul-21	350.00	+12.64%, [+1.87%]	-	-
3.	Krishna Institute of Medical Sciences Limited!	21,437.44	825.00	28-Jun-21	1,009.00	+48.10%, [-0.43%]	-	-
4.	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	-	-
5.	Shyam Metalics And Energy Limited@	9,085.50	306.00	24-Jun-21	380.00	+40.95%, [+0.42%]	-	-
6.	Macrotech Developers Limited	25,000.00	486.00	19-April-21	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	-
7.	Barbeque – Nation Hospitality Limited	4,528.74	500.00	07-April-21	489.85	+18.77%, [-0.64%]	+76.97%, [+6.85%]	-
8.	Suryoday Small Finance Bank Limited$	5,808.39	305.00	26-Mar-21	292.00	-18.38%, [-1.14%]	-26.87%, [+8.13%]	-
9.	Kalyan Jewellers India Limited#	11,748.16	87.00	26-Mar-21	73.95	-24.60%, [-1.14%]	-7.07%, [+8.13%]	-
10.	Craftsman Automation Limited	8,236.96	1,490.00	25-Mar-21	1,359.00	-13.82%, [+0.11%]	+16.81%, [+10.11%]	-

Source: www.nseindia.com

$ Offer Price was ₹ 275.00 per equity share to Eligible Employees

 # Offer Price was ₹79.00 per equity share to Eligible Employees

@ Offer Price was ₹ 291.00 per equity share to Eligible Employees

! Offer Price was ₹ 785.00 per equity share to Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY is considered as the Benchmark Index.

c. Price on NSE is considered for all of the above calculations.

d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022*	7	88,719.67	-	-	-	-	4	2	-	-	-	-	-	-
2020-2021	11	93,028.90	-	-	6	2	1	2	-	-	-	2	1	2
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3

** The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2) Credit Suisse Securities (India) Private Limited

1. Price information of past issues handled by Credit Suisse Securities (India) Private Limited

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Metropolis Healthcare Limited	12,042.90	880.00	April 15, 2019	958.00	3.75%, [-4.01%]	21.39%, [-1.18%]	45.93%, [-3.30%]
2.	Sterling and Wilson Solar Limited	28,809.42	780.00	August 20, 2019	706.00	-21.88%, [-1.60%]	-48.63%, [7.97%]	-64.78%, [9.95%]
3.	Home First Finance Company India Limited	11,537.19	518.00	February 03, 2021	618.80	4.98%, [1.97%]	-5.64%, [-1.05%]	15.86%, [6.58%]
4.	Sona BLW Precision Forgings Limited	55,500.00	291.00	June 24, 2021	301.00	45.45%, [0.42%]	NA*	NA*
5.	Krishna Institute of Medical Sciences Limited	21,437.44	825.00	June 28, 2021	1,009.00	48.10%, [-0.43%]	NA*	NA*
6.	Zomato Limited	93,750.00	76.00	July 23, 2021	116.00	NA*	NA*	NA*

Source: Source: www.nseindia.com for the price information and prospectus for issue details.
* *Data not available*

Note:
1. *30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading date.*
2. *% of change in closing price on 30th/ 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *NIFTY is considered as the benchmark index*

2. Summary statement of price information of past issues handled by Credit Suisse Securities (India) Private Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22	3	1,70,687.44	-	2	-	-	-	-	-	-	-	-	-	-
2020-21	1	11,537.19	-	-	-	-	-	1	-	-	-	-	-	1
2019-20	2	40,852.32	-	-	1	-	-	1	1	-	-	-	1	-

Source: www.nseindia.com

3) Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss Financial Services Limited

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Devyani International Limited	18,380.00	90.00	August 16, 2021	140.90	Not Applicable	Not Applicable	Not Applicable
2.	Powergrid Infrastructure Investment Trust	77,349.91	100.00	May 14, 2021	104.00	14.00% [7.64%]	22.04% [10.93%]	Not Applicable

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
3.	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	Not Applicable
4.	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	115.34% [8.08%]
5.	Indigo Paints Limited^	11,691.24	1,490.00^	February 2, 2021	2,607.50	75.72% [4.08%]	55.40% [-0.11%]	74.84% [7.61%]
6.	Burger King India Limited	8,100.00	60.00	December 14, 2020	112.50	146.5% [7.41%]	135.08% [10.86%]	168.25% [16.53%]
7.	Equitas Small Finance Bank Limited	5,176.00	33.00	November 2, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	68.18% [25.38%]
8.	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	45.79% [24.34%]
9.	Angel Broking Limited	6,000.00	306.00	October 5, 2020	275.00	-2.32% [2.70%]	10.02% [21.86%]	-3.74% [29.24%]
10.	Route Mobile Limited	6,000.00	350.00	September 21, 2020	717.00	105.81% [5.74%]	231.04% [22.31%]	349.14% [31.05%]

Source: www.nseindia.com

^ *Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share*

Notes

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
4. *The Nifty 50 index is considered as the benchmark index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

2. Summary statement of price information of past issues handled by Edelweiss Financial Services Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22*	3	120,729.91	-	-	-	-	1	1	-	-	-	-	-	-
2020-21	7	45,530.35	-	-	1	3	1	2	-	-	1	5	1	-
2019-20	3	23,208.49	-	-	-	-	1	2	-	1	-	1	-	1

The information is as on the date of the document

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

**For the financial year 2021-22- 3 issues have been completed of which 2 issues have completed 90 calendar days.*

4) Nomura Financial Advisory and Securities (India) Private Limited

1. Price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

S. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/ % change in closing benchmark]- 180th calendar days from listing
1.	Sona BLW Precision Forgings	55,500	291	June 24, 2021	301.00	+45.45% [+0.47%]	Not applicable	Not applicable
2.	Nazara Technologies	5,826.91	1,101[1]	March 30, 2021	1,990.00	+62.57% [+0.13%]	+38.22% [+6.84%]	Not applicable
3.	Gland Pharma	64,795.45	1,500	November 20, 2020	1,710.00	+48.43% [+7.01%]	+57.27% [+18.27%]	+104.17%[17.49%]
4.	Computer Age Management Services Limited	22,421.05	1,230[2]	October 1, 2020	1,518.00	+5.43%[+2.37%]	+49.52%[+23.04%]	+43.80%[+26.65%]
5.	Happiest Minds Technologies	7,020.16	166	September 17, 2020	350.00	+96.05% [+2.14%]	+93.25% [+17.82%]	+221.27% [+29.64%]
6.	SBI Cards & Payment Services Limited	103,407.88	755[3]	March 16, 2020	661.00	-33.05%,[-2.21%]	-21.79%,[+8.43%]	+12.50% [+24.65%]
7.	Affle (India) Limited	4,590.00	745	August 8, 2019	926.00	+12.56%, [-0.78%]	+86.32%,[+8.02%]	+135.49%,[+6.12%]

Source: www.nseindia.com

1. *Discount of INR 110.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
2. *Discount of INR 122.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
3. *Price for Eligible Employees bidding in the Employee Reservation Portion was INR 680.00 per equity share*

Notes:

a. *Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index*
b. *Price on NSE is considered for all of the above calculations except for Computer Age Management Services Limited.*
c. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
d. *Not applicable – Period not completed*

2. Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

Fiscal	Total no. of IPOs	Total funds raised (₹ Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022	1	55,500.00	-	-	-	-	1	-	-	-	-	-	-	-
2020-2021	4	100,063.57	-	-	-	2	1	1	-	-	-	2	1	-
2019-2020	2	107,997.88	-	1	-	-	-	1	-	-	-	1	-	1

Source: www.nseindia.com

Notes:

a) *The information is as on the date of this document.*
b) *The information for each of the financial years is based on issues listed during such financial year.*

Track record of the Book Running Lead Managers

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

S. No.	Name of BRLM	Website
1.	Axis Capital Limited	www.axiscapital.co.in
2.	Credit Suisse Securities (India) Private Limited	www.credit-suisse.com
3.	Edelweiss Financial Services Limited	www.edelweissfin.com
4.	Nomura Financial Advisory and Securities (India) Private Limited	www.nomuraholdings.com/company/group/asia/india/index.html

Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLMs shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to direct all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned herein.

Our Company has not received investor complaints in relation to the Equity Shares for the three years prior to the filing of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of the Draft Red Herring Prospectus.

Disposal of Investor Grievances by our Company

Our Company has obtained authentication on the SCORES and has complied with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be five Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Parag Jain, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 58.

Our Company has constituted a Stakeholders' Relationship Committee comprising of Madhavan Ganesan, Hiroo Mirchandani; and Gangadi Madhukar Reddy as members. For details, see "*Our Management - Stakeholders' Relationship Committee*" on page 165.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

Ranking of the Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares issued in the Offer shall be *pari passu* with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 325.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" on pages 178 and 325, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹2 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band, Employee Discount and the minimum Bid Lot size for the Offer will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and advertised in in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Telugu daily newspaper (Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 90.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 325.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated January 8, 2013 amongst our Company, NSDL and Registrar to the Offer; and

- Tripartite agreement dated March 28, 2012 amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, Maharashtra, India.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or securities laws of any state or other jurisdiction of the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. Accordingly, the Equity Shares are being offered and sold (i) outside the United States, in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur; and (ii) to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a) of the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/OFFER OPENS ON	[●][(1)]
BID/OFFER CLOSES ON	[●][(2)]

(1) *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations*

(2) *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs may, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations*

(3) *UPI mandate end time and date shall be at [●] on [●]*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. Further, Bidders shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and any other applicable law in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.*

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Investor Selling Shareholder, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the Working Day.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs or Eligible Employees under the Employee Reservation Portion.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges. **It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Working Days.

None among our Company and the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Investor Selling Shareholder, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; or (ii) minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, if any, in accordance with applicable laws, or if the subscription level falls below the thresholds mentioned above after the Bid/Offer Closing Date, on account of withdrawal of applications or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares being issued or offered under the Red Herring Prospectus, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum. In the event of an under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Offer prior to the Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, the Offered Shares shall be allocated proportionately prior to the Equity Shares offered pursuant to the Fresh Issue.

Each Selling Shareholder shall reimburse, severally and not jointly, and only to the extent of the Equity Shares offered by such Selling Shareholders in the Offer, any expenses and interest incurred by our Company on behalf of such Selling Shareholder for any delays in making refunds as required under the Companies Act and any other applicable law, provided that such Selling Shareholder shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Selling Shareholder in relation to its portion of the Offered Shares.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

In the event of an undersubscription in the Offer, Equity Shares the Equity Shares will be Allotted in the following order:

i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;

ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and

iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

No liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of our Promoters' minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 66 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association"* on page 325.

New financial instruments

Our Company is not issuing any new financial instruments through this Offer.

OFFER STRUCTURE

Initial public offer of up to [●] Equity Shares of face value of ₹2 each of the Company for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating up to ₹16,387.16 million (the "**Offer**") comprising a fresh issue of up to [●] Equity Shares aggregating up to ₹6,000 million and offer for sale of up to [●] Equity Shares aggregating up to ₹10,387.16 million an Offer for sale, comprising of up to [●] Equity Shares aggregating up to ₹4,500 million by the Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹5,000 million by the Investor Selling Shareholder, up to [●] Equity Shares aggregating up to ₹331.16 million by S. S. Pharma LLC, up to [●] Equity Shares aggregating up to ₹100 million by Natco Pharma Limited, up to [●] equity shares aggregating up to ₹100 million by Time Cap Pharma Labs Private Limited, up to [●] Equity Shares aggregating up to ₹98.98 million by Shore Pharma LLC, up to [●] Equity Shares aggregating up to ₹88.93 million by Ajay Kumar Bannai, up to [●] Equity Shares aggregating up to ₹48.06 million by A. Raghava Reddy, Up To [●] Equity Shares aggregating up to ₹41.60 million by Suneel Dhawan, up to [●] Equity Shares aggregating up to ₹28.50 million by K Prakurthi, up to [●] Equity Shares aggregating up to ₹20.80 million by Navdeep Patyal, up to [●] Equity Shares aggregating up to ₹10.40 million by Ashok Mayya, up to [●] Equity Shares aggregating up to ₹9.91 million by Sangeeta Raju, up to [●] Equity Shares aggregating up to ₹8.03 million by R. Venkat Reddy, up to [●] Equity Shares aggregating up to ₹0.15 million by TK Kurien, up to [●] Equity Shares aggregating up to ₹0.13 million by Nithya Venkataramani, up to [●] Equity Shares aggregating up to ₹0.13 million by Atul Gupta, up to [●] Equity Shares aggregating up to ₹0.13 million by Manoj Jaiswal, Up To [●] Equity Shares aggregating up to ₹0.13 million by Rahul Garg, up to [●] Equity Shares aggregating up to ₹0.05 million by Kollengode Ramanathan Lakshminarayana and up to [●] Equity Shares aggregating up to ₹0.05 million by Bijou Kurien.

The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company. The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed [●]% of our post-Offer paid-up equity share capital. The Offer less the Employee Reservation Portion is the Net Offer. The Offer and Net Offer shall constitute [●]% and [●]% of the post-Offer paid-up equity share capital of our Company, respectively.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees#	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation (2)	Up to [●] Equity Shares## aggregating up to [●] million	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and RIBs	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non Institutional Bidders
Percentage of Offer Size available for Allotment/allocation	The Employee Reservation Portion shall constitute up to [●]% of the post-Offer paid-up Equity Share capital of our Company	Not more than 50% of the Net Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and RIBs shall be available for allocation	Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate, unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to	Proportionate as follows (excluding the Anchor Investor Portion): 1. At least [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and 2. [●] Equity Shares shall be available for	Proportionate	Allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated proportionately. For details, see "*Offer*

Particulars	Eligible Employees#	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders
	Eligible Employees for value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount if any).	allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving allocation as per (a) above Not more than [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors		*Procedure*” on page 309.
Minimum Bid	[●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹500,000, less Employee Discount, if any	Such number of Equity Shares and in multiple of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Bidding	Through ASBA process only (except Anchor Investors)			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter			
Mode of Allotment	Compulsorily in dematerialised form			
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter			
Trading Lot	One Equity Share			
Who can apply(4)	Eligible Employees such that the Bid Amount does not exceed ₹500,000	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India through resolution F. No.2/3/2005-DD-II dated November 23, 2005, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the *karta*), companies, corporate bodies, scientific institutions societies and trusts, and FPIs who are individuals, corporate bodies and family offices and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of *karta*)
Terms of Payment		**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3)		

Particulars	Eligible Employees#	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders
		In case of all other Bidders: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank through the UPI Mechanism (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form		

* *Assuming full subscription in the Offer.*

\# *Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹200,000) can also Bid in the Retail Portion, and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees Bidding in the Employee Reservation Portion and in the Non Institutional Portion shall be treated as multiple Bids. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

\#\# *Our Company and the Investor Selling Shareholder in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent of ₹[●] per Equity Share) to the Offer Price to Eligible Employees Bidding in the Employee Reservation Portion and which shall be announced at least two Working Days prior to the Bid/ Offer Opening Date.*

(1) *Our Company and the Investor Selling Shareholder, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 309.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is made in accordance with the Rule 19(2)(b) of the SCRR and is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations.*

(3) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLMs.*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder is required in the Bid cum Application Form and such First Bidder will be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Any unsubscribed portion remaining in the Employee Reservation Portion shall be added to the Net Offer. Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹ 200,000 in value (net of Employee Discount).

Only in the event of an under-subscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 in value (net of Employee Discount).

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Investor Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 300.

Employee Discount

Employee Discount, if any, will be offered to Eligible Employees bidding in the Employee Reservation Portion, and, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount net of Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Withdrawal of the Offer

The Offer shall be withdrawn in the event the requirement of the minimum subscription as prescribed under Regulation 45 of the SEBI ICDR Regulations is not fulfilled. Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue and the Selling Shareholders, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly.

If our Company and the Investor Selling Shareholder, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders/Applicants; (v)Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid cum Application Form,); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date, (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

*SEBI vide the UPI Circulars, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), issued by SEBI, the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by RIBs ("**UPI Phase III**") and modalities of the implementation of UPI Phase III maybe notified and made effective subsequently, as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Draft Red Herring Prospectus*

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI Circular. No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Our Company, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Investor Selling Shareholder, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Further, the Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed [●]% of our post-Offer paid-up equity share capital subject to valid Bids being received at or above the Offer Price, net of Employee Discount, if any.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Investor Selling Shareholder, in consultation with the BRLMs, and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of UPI Mechanism

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in shall be advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Telugu daily newspaper [●] (Telugu being the regional language of Telangana, where our Registered and Corporate Office is located), each with wide circulation on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding in the Retail Portion using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. RIBs using the UPI Mechanism may also apply through the mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors	[●]
Eligible Employees bidding in the Employee Reservation Portion	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).*

(2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.*

(3) *Bid cum Application Forms for Eligible Employees shall be available at the Registered Office and Corporate Office of the Company.*

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID / Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID / Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI mandate request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI mandate requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, RIBs Bidding using through the UPI Mechanism should accept UPI mandate requests for blocking of funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue.

Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Participation by Promoter and Promoter Group of the Company, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor; (ii) any "person related to the Promoter/ Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoter or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Except to the extent of participation in the Offer for Sale by the Promoter, the Promoter Group will not participate in the Offer.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or FCNR Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). By way of Press Note 1 (2021 Series) dated March 19, 2021, issued by the DPIIT, it has been clarified that an investment made by an Indian entity which is owned and controlled by NRIs on a non-repatriation basis, shall not be considered for calculation of indirect foreign investment.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Non-Debt Instruments Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 324.

Bids by HUFs

Bids by HUFs Hindu Undivided Families or HUFs, are required to be made in the individual name of the *karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager structure;

- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in the Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form "*exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus.*"

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the "**FPI Group**") shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the SEBI VCF Regulations venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest (under Schedule I of the FEMA Non-Debt Instruments Rules) only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Eligible Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that the Bid does not exceed ₹500,000.

However, Allotments to Eligible Employees in excess of ₹ 200,000 shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [●] colour form).

(b) The Bidder should be an Eligible Employee as defined. In case of joint bids, the first Bidder shall be an Eligible Employee.

(c) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

(d) Only those Bids, which are received at or above the Offer Price, net of Employee Discount, if any would be considered for Allotment under this category.

(e) Eligible Employees can apply at Cut-off Price.

(f) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(g) Eligible Employees bidding in the Employee Reservation Portion shall not Bid through the UPI mechanism.

(h) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Please note that any individuals who are directors, employees or promoters of (a) the BRLMs, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such BRLMs, Registrar to the Offer or Syndicate Members are not eligible to bid in the Employee Reservation Portion.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the "Banking Regulation Act"), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, as per the last audited balance sheet or a subsequent balance sheet, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, NBFC-SI insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Investor Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to such terms and conditions that our Company and the Investor Selling Shareholder in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors and Eligible Employees

Bidding in the Employee Reservation Portion can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number and such ASBA account belongs to you and no one else if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form (with maximum length of 45 characters) and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

8. Ensure that you request for and receive a stamped acknowledgement counterfoil by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

9. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be;

10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;

11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by Bidders who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a

suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

18. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

21. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website;

23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

25. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

26. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected; and

28. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders) and ₹500,000 (for Bids by Eligible Employees);;

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

21. Do not Bid on another ASBA Form after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

26. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

27. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

28. Do not Bid if you are an OCB;

29. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;

30. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

31. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and

32. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 58.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a Hindi national daily newspaper; and (iii) [●] editions of [●], a widely circulated Telugu national daily newspaper, Telugu also being the regional language of Telangana, where our Registered Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and the Bid/ Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations and as specified in the Red Herring Prospectus, when filed.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see "*Terms of the Offer*" on page 300.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful Bidder within six Working Days from the Bid/ Offer Closing Date or such other prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoters' contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and
- Except for the conversion of the outstanding Preference Shares and the allotment of Equity Shares upon any exercise of options vested pursuant to the ESOP Scheme, no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each Selling Shareholder severally and not jointly undertakes that:

- the Equity Shares being sold by it pursuant to the Offer have been held by them for a period of at least one year prior to the date of filing this Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- they shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of their respective portion of Offered Shares pursuant to the Offer;
- they are the legal and beneficial owner of the Equity Shares which are offered by them pursuant to the Offer for Sale and are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions;
- that they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the extent of their respective portion of Offered Shares pursuant to the Offer;

- they shall deposit their respective portions of Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- they are not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI;

- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received; and

- the filing of this Draft Red Herring Prospectus does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

Utilisation of Offer Proceeds

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447*."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment under the FDI Policy and FEMA.

The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the FDI Policy, which is effective from October 15, 2020 (the "**FDI Policy**"), which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. Some of our Subsidiaries are engaged in business sectors which fall under the Approval Route, or where foreign investment is subject to sectoral conditionalities, including retailing of pharmacy and wellness products, and e-commerce. In terms of the FDI Policy, if our Company becomes a foreign owned and controlled company, we will be subject to additional restrictions on foreign investments under the FDI Policy. Pursuant to the terms of our Articles of Association, our Company is at all times required to undertake activities in which foreign investment is permitted under the automatic route, for so long as Lavender Rose is a Shareholder in our Company.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details, see "*Offer Procedure*" on page 309.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. There will be no public offering of Equity Shares in the United States. The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

The Articles of Association of our Company comprise two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the commencement of the listing of Equity Shares pursuant to the Offer. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable. All Articles of Part B shall automatically terminate, without any further corporate or other action by the Company or by its shareholders, and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by the Company or by its shareholders.

PART A

Authorised Share Capital

The authorised share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company, subject to the provisions of applicable law for the time being in force.

Alteration of Capital

Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:

a. increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

b. divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

c. cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

d. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act; and

e. convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

Allotment of Shares

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of all or any of such shares to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting give to any person the option or right to call for any shares either at par or at a premium during such time and for such consideration as the Board of Directors think fit.

Further Issue of Shares

(1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:

  (i) to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;

  (ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;

(iv) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;

(A) to employees under any scheme of employees' stock option subject to Special Resolution passed by the Company and subject to the rules and such other conditions, as may be prescribed under applicable law; or

(B) to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to compliance with the applicable conditions of Chapter III of the Act and any other conditions as may be prescribed under the Act and the rules made thereunder;

(2) Nothing in sub-clause (iii) of Clause (1)(A) shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.

(3) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company:

Provided that the terms of issue of such debentures or loans containing such an option have been approved before the issue of such debentures or the raising of such loans by a Special Resolution passed by the Company in a General Meeting.

(4) Notwithstanding anything contained in Article 11(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder.

Company's Lien on Shares/ Debentures

The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid share / debenture) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this Article will have full effect. Unless otherwise agreed, the registration of transfer of shares / debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

The fully paid up shares shall be free from all lien and in the case of partly paid up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

Certificates

Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates, unless prohibited by any provision of law or any order of court, tribunal or other authority having jurisdiction, within two (2) months from the date of allotment, or within one (1) month of the receipt of application of registration of transfer, transmission, sub division, consolidation or renewal of any of its shares as the case maybe or within a period of six (6) months from the date of allotment in the case of any allotment of debenture. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such joint holders.

Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two directors or by a director and the company secretary, wherever the company has appointed a company secretary and the common seal it shall be affixed in the presence of the persons required to sign the certificate.

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued upon payment of such fees for each certificate as may be specified by the Board (which fees shall not exceed the maximum amount permitted under the applicable law). Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf. The provision of this Article shall *mutatis mutandis* apply to debentures of the Company.

Transfer of Shares

(a) The instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use the form of transfer, as prescribed under the Act, in all cases. In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

(b) The Board may decline to recognize any instrument of transfer unless-

    (i) the instrument of transfer is in the form prescribed under the Act;

    (ii) the instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

    (iii) the instrument of transfer is in respect of only one class of shares.

(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

Transmission of Shares

Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

Rights on Transmission

A person becoming entitled to a share by reason of the death or insolvency of the holder shall, subject to the Directors' right to retain such dividends or money, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give a notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of such share, until the requirements of notice have been complied with.

Borrowing Powers

(a) Subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into shares of this Company or any other company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans (as defined under Section 180(1) of the Act) obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid up capital of the Company, its free reserves and securities premium. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

(b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

(c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and he same shall be in the interests of the Company.

(d) Any bonds, debentures, debenture-stock or other securities may if permissible under applicable law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, attending (but not voting) in the General Meeting, appointment of Directors or otherwise. Provided that debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

General Meetings

Annual General Meetings

(a) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year.

(b) An Annual General Meeting of the Company shall be held in accordance with the provisions of the Act.

Extraordinary General Meetings

All General Meetings other than the Annual General Meeting shall be called "Extraordinary General Meeting". Provided that, the Board may, whenever it thinks fit, call an Extraordinary General Meeting.

Extraordinary Meetings on Requisition

The Board shall, on the requisition of Members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act.

Notice for General Meetings

All General Meetings shall be convened by giving not less than clear twenty one (21) days' notice, in such manner as is prescribed under the Act, specifying the place, date and hour of the meeting and a statement of the business proposed to be transacted at such a meeting, in the manner mentioned in the Act. Notice shall be given to all the Members and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member or other person to whom it should be given shall not invalidate the proceedings of any General Meetings.

The Members may participate in General Meetings through such modes as permitted by applicable laws.

Shorter Notice Admissible

Upon compliance with the relevant provisions of the Act, an Annual General Meeting or any General Meeting may be convened by giving a shorter notice than twenty one (21) days.

Meetings of the Board

(a) The Board of Directors shall meet at least once in every three (3) months with a maximum gap of four (4) months between two (2) meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four (4) such meetings shall be held in every year. Place of meetings of the Board shall be at a location determined by the Board at its previous meeting, or if no such determination is made, then as determined by the chairman of the Board.

(b) The chairman may, at any time, and the secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of at least seven (7) days in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad, provided always that a meeting may be convened by a shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting and in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any.

(c) The notice of each meeting of the Board shall include (i) the time for the proposed meeting; (ii) the venue for the proposed meeting; and (iii) an agenda setting out the business proposed to be transacted at the meeting.

(d) To the extent permissible by applicable law, the Directors may participate in a meeting of the Board or any committee thereof, through electronic mode, that is, by way of video conferencing i.e., audio visual electronic communication facility. The notice of the meeting must inform the Directors regarding the availability of participation through video conferencing. Any Director participating in a meeting through the use of video conferencing shall be counted for the purpose of quorum.

Managing Director(s) and/ or Whole Time Directors

(a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the managing director and/ or whole time directors for such term and subject to such remuneration, terms and conditions as they may think fit.

(b) The Directors may from time to time resolve that there shall be either one or more managing directors and/ or whole-time directors.

(c) In the event of any vacancy arising in the office of a managing director and/or whole time director, the vacancy shall be filled by the Board of Directors subject to the approval of the Members.

(d) If a managing director and/or whole time director ceases to hold office as Director, he shall ipso facto and immediately cease to be managing director/whole time director.

(e) The managing director and/or whole time director shall not be liable to retirement by rotation as long as he holds office as managing director or whole-time director.

Appointment of Directors

Additional Directors

Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

Alternate Directors

(a) The Board may, appoint a person, not being a person holding any alternate directorship for any other director in the Company or holding directorship in the Company, to act as an alternate director for a director during his absence for a period of not less than 3 (three) months from India (hereinafter in this Article called the "Original Director").

(b) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he returns to India the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

Appointment Of Director To Fill A Casual Vacancy

If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting. The director so appointed shall hold office only up to the date which the director in whose place he is appointed would have held office if it had not been vacated.

Nominee Directors

On and from the date of listing of the Equity Shares of the Company pursuant to an IPO, the Board of the Company shall at all times be constituted in compliance with applicable Law including the provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to receipt of approval of the public shareholders post listing, by way of a special resolution, at the first shareholders meeting held by the Company post-listing of its Equity Shares pursuant to an IPO, each of the Promoters (jointly), PIOF and the Lavender Rose shall have the right to nominate and recommend Directors to the Board of the Company in the following manner:

(i) For so long as the Promoters collectively hold at least 10% (ten percent) of the Share Capital on a Fully Diluted Basis, the Promoters shall jointly have the right to nominate 1 (one) Director;

(ii) For so long as PIOF holds at least 10% (ten percent) of the Share Capital on a Fully Diluted Basis, PIOF shall have the right to nominate 1 (one) non-executive Director;

(iii) For so long as the Lavender Rose holds at least 10% (ten percent) of the Share Capital on a Fully Diluted Basis, the Lavender Rose shall have the right to nominate 1 (one) non-executive Director; and

(iv) Each of the Promoters (jointly), the PIOF and the Lavender Rose shall have the right to make a non-binding recommendation to the Board of the Company for the appointment of one Independent Director, provided that each Independent Director shall be appointed at the discretion of the Board of the Company and Shareholders and subject to the approval by shareholders by special resolution post listing and trading of the Equity Shares of our Company, applicable provisions under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In addition, upon occurrence of an 'event of default' as defined under the terms of respective debt documents, each of leveraged debt lenders shall have the right to nominate 1 (one) nominee Director on the Board of the Company.

Vote of Members

Voting Rights of Members

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

(a) On a show of hands every Member holding Equity Shares and present in person shall have one vote.

(b) On a poll, every Member holding Equity Shares therein shall have voting rights in proportion to his share in the paid up equity share capital.

(c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

Proxy

Any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

Instrument of Proxy

An instrument appointing a proxy shall be in the form as prescribed under the Act for this purpose. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a body corporate either under its common seal or under the hand of its officer or attorney duly authorized in writing by it. Any person whether or not he is a Member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority must be deposited at the Office of the Company not less than forty eight (48) hours prior to the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Dividend

Company in General Meeting may Declare Dividend

The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

Interim Dividends

Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit and as appear to it to be justified by the profits of the company.

Dividends to be Apportioned

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Dividends not to bear interest

No dividends shall bear interest against the Company.

Right to Dividend and Unpaid or Unclaimed Dividend

(a) Where capital is paid in advance of calls, such capital, whilst carrying interest, shall not confer a right to dividend or to participate in the profits.

(b) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account of India Pesticides Limited".

(c) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Act.

(d) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

(e) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

Winding Up

Subject to the applicable provisions of the Act–

(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(d) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act.

Indemnity

Director's and Others' Right to Indemnity

Subject to the provisions of the Act, every Director and Officer of the Company shall be indemnified by the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, wilful misconduct or bad faith acts or omissions of such Director.

Insurance

The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

Covenants

The Company shall at all times undertake activities in which foreign investment is permitted under the automatic route, for so long as Lavender Rose is a Shareholder. The Company shall at all times ensure that neither the Company, nor any Subsidiary would qualify as a 'non-banking financial company' or a 'core investment company', as defined under applicable Law.

PFIC, CFC and FCPA Covenants

The Company, every group company and its affiliates shall provide all information required to determine whether such group company is a "passive foreign investment company" within the meaning of Section 1297 of the U.S. Internal Revenue Code of 1986, as amended and for Lavender Rose to make the required filings. The group company, if informed that it was a US controlled foreign company, shall promptly inform Lavender Rose and furnish all information necessary to satisfy the United States income tax return filing requirements of Lavender Rose. The company will cause each of its Subsidiaries and affiliates within 90 days of becoming a Subsidiary or an Affiliate, to ensure compliance with the Prevention of Money Laundering Act, 2002, the Prevention of Corruption Act, 1988, the United States Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-bribery or anti-corruption law.

PART B

Part B of the Articles of Association of the Company provides for the rights and obligations of the parties to the Shareholders Agreement dated December 24, 2020 amongst our Company, our Promoters, PIOF, S.S. Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Private Limited, Lavender Rose, Gangadi Investments Private Limited and certain individual shareholders of our Company as amended by the waiver cum amendment agreement dated August 5, 2021. All Articles of Part B shall automatically terminate, without any further corporate or other action by the Company or by its shareholders, and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to the Offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by the Company or by its shareholders

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be filed with the RoC. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

A. Material Contracts for the Offer

a) Offer Agreement dated August 16, 2021 amongst our Company, the Selling Shareholders and the BRLMs.

b) Registrar Agreement dated August 14, 2021 amongst our Company, the Selling Shareholders and the Registrar to the Offer.

c) Cash Escrow and Sponsor Bank Agreement dated [●] amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Account Bank and the Refund Bank(s).

d) Share Escrow Agreement dated [●] amongst the Selling Shareholders, our Company and the Share Escrow Agent.

e) Syndicate Agreement dated [●] amongst our Company, the Selling Shareholders, the BRLMs, and Syndicate Members.

f) Underwriting Agreement dated [●] amongst our Company, the Selling Shareholders and the Underwriters.

B. Material Documents

a) Certified copies of the Memorandum of Association, and Articles of Association of our Company, updated from time to time.

b) Certificate of incorporation dated November 30, 2006 issued to our Company, under the name MedPlus Health Services Private Limited by the Registrar of Companies, Andhra Pradesh at Hyderabad.

c) Fresh certificate of incorporation dated June 28, 2021 issued by the Registrar of Companies, Andhra Pradesh at Hyderabad, consequent upon change from 'MedPlus Health Services Private Limited' to 'MedPlus Health Services Limited', pursuant to conversion to a public limited company.

d) Resolutions of the Board of Directors dated August 3, 2021, authorising the Offer and other related matters.

e) Shareholders' resolution dated August 5, 2021, approving the Fresh Issue and other related matters.

f) Resolution of the Board of Directors dated August 10, 2021, approving the Draft Red Herring Prospectus.

g) Resolution of the IPO Committee dated August 16, 2021, approving the Draft Red Herring Prospectus.

h) Resolution of the Board of Directors of Optival dated August 3, 2021, approving the working capital estimates and working capital projections.

i) Consent letters and authorisations from the Selling Shareholders, authorising their participation in the Offer. For further details, please see "*The Offer*" on page 50.

j) Copies of the annual reports of our Company for the Fiscals 2021, 2020 and 2019.

k) The examination report dated August 3, 2021 of the Statutory Auditors on our Restated Consolidated Financial Information.

l) The statement of possible special tax benefits dated August 16, 2021 from the Statutory Auditors.

m) Consent of the Directors, the Book Running Lead Managers, the Syndicate Members, Legal Counsel to the Company and the Selling Shareholders as to Indian Law, Legal Counsel to the Book Running Lead Managers as to Indian Law, International Legal Counsel to the BRLMs, Selling Shareholders, Registrar to the Offer, Technopak, Monitoring Agency, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank, Company Secretary and Compliance Officer as referred to in their specific capacities.

n) Consent dated August 16, 2021 from B S R & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 3, 2021 on our Restated Consolidated Financial Information; and (ii) their report dated August 16, 2021 on the statement of tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

o) Consent letter dated August 16, 2021 from GPHK & ASSOCIATES, Chartered Accountants, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act in respect of the certificate dated August 16, 2021 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

p) Servel Krishna Engineers Pvt Ltd, Chartered engineer consent and certificate dated August 16, 2021, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013.

q) Report titled "*Pharmacy Retail in India*", issued in August 12, 2021 issued by Technopak.

r) Due diligence certificate dated August 16, 2021 addressed to SEBI from the BRLMs.

s) MedPlus Employees Stock Option and Shares Plan – 2009 and MedPlus Employees Stock Option and Shares Plan – 2009 2021

t) In-principle approvals dated [●] and [●], issued by BSE and NSE, respectively.

u) SEBI observation letter no. [●] dated [●].

v) Tripartite agreement dated January 8, 2013 amongst our Company, NSDL and Registrar to the Offer.

w) Tripartite agreement dated March 28, 2012 amongst our Company, CDSL and Registrar to the Offer.

x) Exemption application dated May 24, 2021 filed by the Company with SEBI as approved by SEBI pursuant to letter dated June 17, 2021.

y) Employment agreement dated April 5, 2019, entered into between Gangadi Madhukar Reddy and our Company, read with the amendment agreement to the employment agreement dated February 5, 2021 (for his role as MD).

z) Employment agreement dated April 3, 2019, entered into between Cherukupalli Bhaskar Reddy and our Company (for his role as COO).

aa) Share purchase agreement dated January 5, 2012 entered into amongst NSPPL (erstwhile Panindia Pharma Distributors Private Limited), Nitin Pavan Jain, Pavan Kumar Nemichand Jain, Ugambai Jain, Usha Jain, Priyanka Jain and DMPL.

bb) Share purchase agreement dated September 15, 2014 entered into amongst NSPPL (erstwhile Panindia Pharma Distributors), G. Narasimha Reddy, SPDPL, read with the addendum to the share purchase agreement dated March 1, 2016.

cc) Share purchase agreement dated September 20, 2014 entered into amongst NSPPL (erstwhile Panindia Pharma Distributors Private Limited), K N Venkatakrishna, K N Venkatesh and SBPPL

dd) Share purchase agreement dated September 25, 2019 entered into amongst KMPL, Krish Ramesh, Krishnan Sundar, Sanjay Kumar and our Company

ee) Business transfer agreement dated December 10, 2020 entered into amongst MHSPPL and our Company.

ff) Shareholders Agreement dated December 24, 2020 amongst our Company, our Promoters, PIOF, S.S. Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Private Limited, Lavender Rose, Gangadi Investments Private Limited and certain individual shareholders of our Company, as amended by waiver cum amendment agreement dated August 5, 2021.

gg) Share purchase agreement dated December 24, 2019 entered into amongst PI Opportunities Fund – I, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company hh) Share purchase agreement dated December 24, 2019 entered into amongst Gangadi Investments Private Limited, S S Pharma LLC, Shore Pharma LLC, Natco Pharma Limited, Time Cap Pharma Labs Limited and our Company.

ii) Share purchase agreement dated December 24, 2020 entered into amongst Lavender Rose Investment Ltd, Gangadi Madhukar Reddy, Gangadi Investments Private Limited, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited and our Company

jj) Share subscription agreement dated February 22, 2019 entered into amongst PI Opportunities Fund – I, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company.

kk) Share subscription agreement dated December 24, 2020 entered into amongst Lavender Rose Investment Ltd, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company.

ll) Share subscription agreement dated December 24, 2020 entered into amongst PI Opportunities Fund - I, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited, Gangadi Madhukar Reddy, Gangadi Investments Private Limited and our Company.

mm) Inter-investor agreement dated January 27, 2021 entered into between Morning Brook Investment Ltd, Zash Traders, Vistra ITCL (India) Limited, PI Opportunities Fund – I, Lavender Rose Investment Ltd, Gangadi Madhukar Reddy, Gangadi Investments Private Limited, Agilemed Investments Private Limited, Lone Furrow Investments Private Limited and the Company, as amended by waiver cum amendment agreement dated August 5, 2021.

nn) User agreement dated March 1, 2019 entered into between Optival and our Company.

oo) Agreement dated January 25, 2021 entered into between PI Opportunities Fund – I, Lavender Rose Investment Ltd, Gangadi Madhukar Reddy, Gangadi Investments Private Ltd, Agilemed Investments Private Limited and Lone Furrow Investments Private Limited, as amended by waiver cum amendment agreement dated August 5, 2021.

pp) Letters dated August 6, 2021 and August 6, 2021 issued by Zash Debenture Trustee and Morning Brook Debenture Trustee, respectively, in relation to the pledge over the preference shares held by our Corporate Promoter

qq) Scheme of amalgamation between Optival, Ritemed and their respective shareholders and creditors, under Section 233 and certain other provisions of the Companies Act, 2013 filed with the RoC on October 3, 2018 pursuant to which Ritemed amalgamated with Optival

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

____

Gangadi Madhukar Reddy

Managing Director and Chief Executive Officer

Place: Hyderabad

Date: August 16, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Anish Kumar Saraf

Non-Executive Director

Place: Mumbai

Date: August 16, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Atul Gupta

Non-Executive Director

Place: Bangalore

Date: August 16, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Murali Sivaraman

Non-Executive Independent Director

Place: Mumbai

Date: August 16, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Madhavan Ganesan

Non-Executive Independent Director

Place: Mumbai

Date: August 16, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Hiroo Mirchandani

Non-Executive Independent Director

Place: Gurgaon

Date: August 16, 2021

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer of our Company

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Hemanth Kundavaram

Chief Financial Officer

Place: Hyderabad

Date: August 16, 2021

DECLARATION BY SELLING SHAREHOLDER

We, Lone Furrow Investments Private Limited, confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Lone Furrow Investments Private Limited assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of **Lone Furrow Investments Private Limited**

Authorised signatory: Gangadi Madhukar Reddy

Date: August 16, 2021

Place: Hyderabad

DECLARATION BY SELLING SHAREHOLDER

We, PI Opportunities Fund – I, confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. PI Opportunities Fund – I assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of **PI Opportunities Fund – I**

Authorised signatory: Manoj Jaiswal

Date: August 16, 2021

Place: Bangalore

DECLARATION BY SELLING SHAREHOLDER

We, S. S. Pharma LLC, confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. S. S. Pharma LLC assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of **S. S. Pharma LLC**

Authorised signatory: Subha S. Thogarchedu

Date: August 16, 2021

Place: New Jersey

DECLARATION BY SELLING SHAREHOLDER

A. Raghava Reddy, Navdeep Patyal, R. Venkat Reddy, K Prakurthi, Sangeeta Raju, Natco Pharma Limited and Time Cap Pharma Labs Private Limited acting through the undersigned, confirms and certifies that all statements and undertakings specifically made or confirmed by them in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Each of such Selling Shareholders assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed on behalf of each of such Selling Shareholders by Gangadi Madhukar Reddy as the power of attorney holder for each of such Selling Shareholders

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Name: Gangadi Madhukar Reddy

Date: August 16, 2021

Place: Hyderabad

DECLARATION BY SELLING SHAREHOLDER

We, Shore Pharma LLC, confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Shore Pharma LLC assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of **Shore Pharma LLC**

Authorised signatory: Vimal Kavuru

Date: August 16, 2021

Place: New Jersey, USA

DECLARATION BY SELLING SHAREHOLDER

I, Ajay Kumar Bannai, confirm and certify that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company, the Investor Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Ajay Kumar Bannai

Date: August 16, 2021

Place: Texas, USA

DECLARATION BY SELLING SHAREHOLDER

I, Suneel Dhawan, confirm and certify that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company, the Investor Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Suneel Dhawan

Date: August 16, 2021

Place: Fremont, CA

DECLARATION BY SELLING SHAREHOLDER

I, Ashok Mayya, confirm and certify that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company, the Investor Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Ashok Mayya

Date: August 16, 2021

Place: Ridgewood, NJ, USA

DECLARATION BY SELLING SHAREHOLDER

TK Kurien, Nithya Venkataramani, Rahul Garg, Manoj Jaiswal, Kollengode Ramanathan Lakshminarayan and Bijou Kurien acting through the undersigned, confirms and certifies that all statements and undertakings specifically made or confirmed by them in this Draft Red Herring Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Each of such Selling Shareholders assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed on behalf of each of such Selling Shareholders by Atul Gupta as the power of attorney holder for each of such Selling Shareholders

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Name: Atul Gupta

Date: August 16, 2021

Place: Bangalore

DECLARATION BY SELLING SHAREHOLDER

I, Atul Gupta, confirm and certify that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company, the Investor Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Atul Gupta

Date: August 16, 2021

Place: Bangalore