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Independent Auditor's Report

To the Members of Akna Medical Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Akna Medical Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2021, and its loss and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Standalone Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Walker Chandiok & Co LLP, Chartered Accountants, Bengaluru

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Directors' Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the provisions of Section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, reporting under Section 197(16) is not applicable.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, as required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 24 August 2021 as per Annexure II expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us

        i. the Company does not have any pending litigations which would impact its financial position as at 31 March 2021;

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ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAAEK7537

Bengaluru
24 August 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

Annexure I to the Independent Auditor's Report of even date to the members of Akna Medical Private Limited, on the standalone financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular and the receipt of interest is regular;

(c) there is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of loans, investments and guarantees. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

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CHARTERED ACCOUNTANTS

(b) There are no dues in respect of income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable accounting standard. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.

(xiv) During the year, the company has made private placement of Compulsorily Convertible Preference shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised, though surplus funds which were not required for immediate utilisation have been deposited in liquid investments, payable on demand. During the year, the company did not make preferential allotment/ private placement of fully/partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAAEK7537

Bengaluru
24 August 2021

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Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Akna Medical Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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BENGALURU
CHARTERED ACCOUNTANTS

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAAEK7537

Bengaluru
24 August 2021

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Standalone Financial Statements and Independent Auditors' Report

Akna Medical Private Limited

31 March 2021

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Akna Medical Private Limited
Standalone Balance Sheet as at 31 March 2021
(All amounts in ₹ unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
Equity and liabilities			
Shareholders' funds			
Share capital	3	23,617,870	20,836,180
Reserves and surplus	4	706,072,016	507,220,400
		729,689,886	**528,056,580**
Non-current liabilities			
Long-term borrowings	5	261,891,163	-
Long-term provisions	6	2,806,413	280,313
		264,697,576	**280,313**
Current liabilities			
Short-term borrowings	7	376,897,774	37,246,961
Trade payables	8		
Total outstanding dues of micro and small enterprises		1,809,555	1,563,980
Total outstanding dues of creditors other than micro and small enterprises		201,933,426	109,183,291
Other current liabilities	9	251,530,392	6,521,605
Short-term provisions	10	873,280	651
		833,044,427	**154,516,488**
Total		**1,827,431,889**	**682,853,381**
Assets			
Non-current assets			
Property, plant and equipment	11a	33,540,166	2,878,306
Intangible assets	11b	11,059,207	100,738
Intangible assets under development	12	16,255,603	3,000,000
Non-current investments	13	407,116,400	40,898,548
Long-term loans and advances	14	4,118,377	2,772,250
Other non-current assets	15	111,353,550	-
		583,443,303	**49,649,842**
Current assets			
Inventories	16	361,739,377	46,645,533
Trade receivables	17	493,653,929	107,836,666
Cash and bank balance	18	222,110,266	472,057,456
Short-term loans and advances	14	161,264,322	6,663,884
Other current assets	19	5,220,692	-
		1,243,988,586	**633,203,539**
Total		**1,827,431,889**	**682,853,381**
Summary of significant accounting policies and other explanatory information	2-38		

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122

Bengaluru
24 August 2021

For and on behalf of the Board of Directors of
Akna Medical Private Limited

Saurabh Pandey
Director
DIN: 07281690

Bengaluru
24 August 2021

Mahadevan Narayanamoni
Director
DIN: 07128788

Bengaluru
24 August 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

AKNA MEDICAL PVT. LTD.

Akna Medical Private Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2021
(All amounts in ₹ unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue			
Revenue from operations	20	1,249,783,325	236,203,786
Other income	21	15,418,809	636
Total revenue		**1,265,202,134**	**236,204,422**
Expenses			
Purchase of stock-in-trade	22	1,452,565,419	264,327,342
Change in inventories of stock-in-trade	23	(315,093,844)	(45,602,477)
Employee benefits expense	24	67,387,948	9,700,314
Depreciation and amortisation expenses	25	13,116,301	886,807
Finance costs	26	43,349,983	1,177,611
Other expenses	27	118,083,567	39,781,028
Total expenses		**1,379,409,374**	**270,270,624**
Loss before prior period items and tax		**(114,207,240)**	**(34,066,202)**
Prior period items	28	159,438	-
Loss before tax		**(114,366,678)**	**(34,066,202)**
Tax expense			
Current tax		-	-
Deferred tax credit		-	(1,288)
Loss for the year		**(114,366,678)**	**(34,064,914)**
Loss per equity share	29		
Equity share of nominal value of ₹ 10 each			
- Basic and diluted EPS		(86.91)	(30.77)
Summary of significant accounting policies and other explanatory information	2-38		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number : 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122

Bengaluru
24 August 2021

For and on behalf of the Board of Directors of
Akna Medical Private Limited

Saurabh Pandey
Director
DIN: 07281690

Bengaluru
24 August 2021

Mahadevan Narayanamoni
Director
DIN: 07128788

Bengaluru
24 August 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

AKNA MEDICAL PVT. LTD.

Akna Medical Private Limited

Standalone Cash Flow Statement for the year ended 31 March 2021

(All amounts in ₹ unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flow from operating activities		
Loss before tax	(114,366,678)	(34,066,202)
Adjustments for:		
Finance costs	43,349,983	1,177,611
Advance tax written off	-	96,695
Depreciation and amortisation expense	13,116,301	886,807
Provisions for sales return	862,619	-
Allowances for doubtful trade receivables	3,135,372	1,559,694
Interest income	(15,418,809)	(636)
Operating loss before working capital changes	**(69,321,212)**	**(30,346,030)**
Adjustment for working capital changes:		
Change in inventories	(315,093,844)	(45,602,477)
Change in trade receivable	(388,952,634)	(95,787,100)
Change in short term loan and advances	(154,600,438)	6,769,390
Change in long term loan and advances	190,750	(1,727,000)
Change in trade payables	92,995,710	101,518,255
Change in other current liabilities	9,092,326	1,520,548
Change in provisions	2,536,110	280,964
Cash used in operating activities	**(823,153,232)**	**(63,373,450)**
Net income tax paid	(1,536,877)	(22,500)
Net cash used in operating activities (A)	**(824,690,109)**	**(63,395,950)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and intangibles assets under development	(64,832,769)	(6,077,462)
Investment made in associate	(75,600,000)	(40,898,548)
Investment made in subsidiaries	(199,605,280)	-
Investments in fixed deposits, net of repayment	(330,500,000)	-
Interest received	8,844,567	636
Net cash used in investing activities (B)	**(661,693,482)**	**(46,975,374)**
C. Cash flow from financing activities		
Issue of equity and compulsorily convertible preference shares	315,999,984	556,680,972
Share issue expenses	-	(3,244,846)
Proceeds of short-term borrowings, net	339,650,813	29,241,961
Proceeds from long-term borrowings	406,312,083	-
Repayment of long-term borrowings	(5,492,981)	-
Interest paid	(40,533,497)	(904,186)
Net cash generated from financing activities (C)	**1,015,936,402**	**581,773,901**
Net increase in cash and cash equivalents (A+B+C)	(470,447,189)	471,402,576
Cash and cash equivalents at the beginning of the year	472,057,456	654,880
Cash and cash equivalents at the end of the year	**1,610,266**	**472,057,456**
Cash and cash equivalents:		
Balance with bank in current account	1,601,423	471,969,146
Cash on hand	8,843	88,310
	1,610,266	**472,057,456**

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number : 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122

Bengaluru
24 August 2021

For and on behalf of the Board of Directors of
Akna Medical Private Limited

Saurabh Pandey
Director
DIN: 07281690

Bengaluru
24 August 2021

Mahadevan Narayanamoni
Director
DIN: 07128788

Bengaluru
24 August 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

AKNA MEDICAL PVT. LTD.

1 Background

Akna Medical Private Limited ('the Company') is a private limited company under the Companies Act, 1956. The registered office of the Company is in Gurgaon, India. The Company is engaged in the business of wholesale trading of medical supplies including pharmaceuticals, surgicals, healthcare consumables, vaccines and other allied healthcare products. Its registered Office is Situated at C-6A/2 Iind Floor, Ardee City, Sector 52A, Gurgaon Haryana 122001.

2 Summary of significant accounting policies

(a) Basis of preparation of the standalone financial statements

The standalone financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these standalone financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rule, 2014 (as amended). The standalone financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the standalone financial statements are consistent over the period.

Operational outlook

The Company has incurred losses before tax amounting to ₹ 114,366,678 (31 March 2020: loss ₹ 34,066,202) and has an accumulated deficit of ₹ 149,746,224 (31 March 2020: ₹ 35,379,546). Further, the Company has negative cash flow from operating activities amounting to ₹ 824,690,109 during current year. However, the standalone financial statements have been prepared on the assumption that the Company will continue as a going concern based on positive working capital as on 31 March 2021 amounting to ₹ 410,944,159 and management projections establishing profitable operations in the near future. Subsequent to Balance Sheet date, the Company has entered into a Share Subscription and Share Purchase Agreement ("SSSPA") dated 19 August 2021 along with certain existing shareholders of the Company and API Holdings Private Limited, stipulating the terms of the fund raise amounting to ₹ 3,079,998,616 through private placement. Therefore, these conditions indicate that no material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the Company will be able to realize its assets and discharge its liabilities as recorded in these standalone financial statements in the normal course of business.

(b) Use of estimates

The preparation of standalone financial statements in conformity with generally accepted accounting principles which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of liabilities at the date of the standalone financial statements and the results of the operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these standalone financial statements include the estimates of the economic useful lives of the property, plant and equipment, employee benefits and income taxes.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sale of goods are recorded net of trade discounts, rebates, sales tax, value added tax and goods and services tax.

Interest

Interest income is recognized on a time proportion basis taking in to account the amount outstanding and the applicable interest rate.

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2 Summary of significant accounting policies (Cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

Gains or losses arising from de-recognition of property, plant and equipment 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 de-recognized.

Intangible assets and Intangible assets under development

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any. 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 standalone Statement of Profit and Loss for the year during which the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

- □ The technical feasibility of completing the intangible asset so that it will be available for use or sale
- □ Its intention to complete the asset
- □ Its ability to use or sell the asset
- □ How the asset will generate future economic benefits
- □ The availability of adequate resources to complete the development and to use or sell the asset
- □ The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually.

(e) Depreciation and amortisation

Depreciation on property, plant and equipment is provided in accordance with the rates as specified in Schedule II of The Companies Act 2013, using the Written Down Value Method ('WDV') on written down values of the assets. Depreciation is charged on a proportionate basis for all the assets purchased and sold during the year. The rates are:

Asset description	Rate of depreciation
Computers and software	63.16%
Furniture and fixtures	25.89%
Office equipments	45.07%
Vehicles	31.23%

Intangible assets are amortized using the Written Down Value Method ('WDV') basis over the estimated useful economic life. The depreciation and amortization period and the amortization method are reviewed at least at each financial year end. The rates are:

Asset description	Rate of depreciation
Software	63.16%

(f) Foreign currency transactions and translations

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Monetary items outstanding at the Balance Sheet date and denominated in foreign currencies are recorded at the exchange rate prevailing at the end of the year. Differences arising there from are recognized in the Statement of Profit and Loss.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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2 Summary of significant accounting policies (Cont'd)

(g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(h) Employee benefits

Defined contribution plans

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees Provident Funds and Miscellaneous Provision Act, 1952 in India. These plans are defined contribution plans and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan for employees in India. The liability recognised in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan. Independent actuaries using the Projected Unit Credit Method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of Profit and Loss in the year in which such gains or losses arises.

Other short-term benefits

Expense in respect of other short-term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which the employees render services.

(i) Leases

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(k) Taxes on income

Current tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. 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 directly in equity is recognized in equity and not in the Statement of Profit and Loss.

Deferred tax

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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2 **Summary of significant accounting policies (Cont'd)**

(l) Provisions

A provision is recognized when the Company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(m) 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 Company or a present obligation that is not recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

(n) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

(o) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fee and duties.

On disposal of investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline, other than temporary, in the value of such investments.

Investments in subsidiaries are accounted at cost less impairment. In cases where the Company has acquired subsidiaries with an contractual commitment to acquire remaining equity stake at a pre-agreed price from the existing shareholders, which gives access to the returns associated with the ownership interest to the Company, shall be regarded as an ownership interest in substance. The Company shall record the liability with respect to such obligation to purchase remaining equity stake in subsidiaries as 'liability on account of share purchase agreement'. The corresponding impact on initial recognition of such liability shall be given in the cost of investment in the financial statement of the Company.

(p) Borrowing cost

Borrowings costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets for the period up to the completion of their acquisition or construction. All other borrowing cost as incurred are charged to the Statement of Profit and Loss.

(q) Inventories

Traded goods are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Inventory values are determined on a First In First Out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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(All amounts in ₹ unless otherwise stated)

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
3 Share capital				
Authorised share capital				
Equity shares of ₹ 10 each	2,500,000	25,000,000	2,500,000	25,000,000
Compulsorily Convertible Preference shares (CCPS) of ₹ 10 each	1,300,000	13,000,000	1,000,000	10,000,000
	3,800,000	**38,000,000**	**3,500,000**	**35,000,000**
Issued, subscribed and fully paid-up				
Equity shares of ₹ 10 each	1,315,979	13,159,790	1,315,979	13,159,790
Compulsorily Convertible Preference shares (CCPS) of ₹ 10 each	1,045,808	10,458,080	767,639	7,676,390
	2,361,787	**23,617,870**	**2,083,618**	**20,836,180**
a) Reconciliation of share capital (Equity)				
Equity shares of ₹ 10 each				
Balance at the beginning of the year	1,315,979	13,159,790	1,000,000	10,000,000
Add : issued during the year	-	-	206,317	2,063,170
Add : CCPS converted during the year	-	-	109,662	1,096,620
Balance at the end of the year	**1,315,979**	**13,159,790**	**1,315,979**	**13,159,790**
b) Reconciliation of share capital (CCPS-Series A) of ₹ 10 each				
Balance at the beginning of the year	767,639	7,676,390	-	-
Add : issued during the year			877,301	8,773,010
Less: converted during the year	-	-	(109,662)	(1,096,620)
Balance at the end of the year	**767,639**	**7,676,390**	**767,639**	**7,676,390**
c) Reconciliation of share capital (CCPS-Series A1) of ₹ 10 each				
Balance at the beginning of the year	-	-	-	-
Add : issued during the year	278,169	2,781,690	-	-
Less: converted during the year	-	-	-	-
Balance at the end of the year	**278,169**	**2,781,690**	**-**	**-**

d) Rights, preferences and restrictions:

Equity Shares of ₹ 10 each

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

Compulsorily convertible preference shares Series A (CCPS-A) of ₹ 10 each

Each holder of the CCPS-A is entitled to one vote per share in respect of investor reserved matter mentioned in Articles of Association of the Company. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of CCPS will be entitled to receive remaining assets of the Company in preference to Equity Share holder. The distribution will be in proportion to the number of preference shares held by the shareholders. Any Series A CCPS, if not converted earlier, shall automatically convert into Equity Shares, upon the earlier of: (i) 1 (One) day prior to the expiry of 20 (Twenty) years from the date of issuance of the Series A CCPS; and (ii) 1 (One) day prior to the filing of a prospectus (or equivalent document, by whatever name called) by the Company with the competent authority. Upon conversion 1 (One) Series A CCPS shall convert into 1 (One) Equity Share.

Compulsorily convertible preference shares Series A1 (CCPS-A1) of ₹ 10 each

Each holder of the CCPS-A1 is entitled to one vote per share in respect of investor reserved matter mentioned in Articles of Association of the Company. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of CCPS will be entitled to receive remaining assets of the Company in preference to Equity Share holder. The distribution will be in proportion to the number of preference shares held by the shareholders. Any Series A1 CCPS, if not converted earlier, shall automatically convert into Equity Shares, upon the earlier of: (i) 1 (One) day prior to the expiry of 20 (Twenty) years from the date of issuance of the Series A1 CCPS; and (ii) 1 (One) day prior to the filing of a prospectus (or equivalent document, by whatever name called) by the Company with the competent authority. Upon conversion 1 (One) Series A1 CCPS shall convert into 0.58 (Point Five Eight) Equity Shares.

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e) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2021		As at 31 March 2020	
	Number	% of shareholding	Number	% of shareholding
Equity shares of ₹ 10 each				
Mahadevan Narayanamoni	412,503	31.35%	412,503	31.35%
Saurabh Pandey	504,170	38.31%	504,170	38.31%
Mayank Kapoor	120,631	9.17%	120,631	9.17%
Varun Vohra	107,844	8.19%	107,844	8.19%
Compulsorily Convertible Preference shares of ₹ 10 each				
Light Stone Fund SA	1,028,202	98.32%	767,639	100.00%

f) Aggregate number of bonus shares issued, shares bought back and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

The Company has neither issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2021. The Company has issued following shares for consideration other than cash:

(i) During the year ended 31 March 2020, the Company has acquired 3,270,540 equity shares of Allumer Medical Private Limited and in consideration the Company has issued 120,631 equity shares having a face value of INR 10 at a premium of INR 279.30. The fair value of the shares were determined by an independent valuer appointed by the Board of Directors.

g) Increase of authorised share capital

During the current year, the Authorized Share Capital of the Company increased from ₹ 10,000,000 (Rupee one crore only) divided into 1,000,000 (ten lakh) Compulsorily Convertible Preference shares (CCPS) of ₹ 10 (Rupee ten only) each to ₹ 13,000,000 (Rupees one crore thirty lakhs only) divided into 1,300,000 (thirteen Lakh) Compulsorily Convertible Preference shares (CCPS) of ₹ 10 (Rupee ten only) each.

h) Conversion of Compulsorily Convertible Preference shares (CCPS)

During the previous year, the Company has converted Compulsorily Convertible Preference shares (CCPS) having a face value of ₹ 10 each into Equity shares of ₹ 10 each at 1:1 conversion ratio. Consequent to above, the Company has issued 109,662 Equity shares on such conversion of CCPS.

i) Change in shareholding subsequent to Balance Sheet date

The Shareholders of the Company, vide resolution passed in a meeting held on 19 August 2021, additional fund raise through private placement to API Holdings Private Limited. Pursuant to the above approval, the Company has entered into a Share Subscription and Share Purchase Agreement ("SSSPA") dated 19 August 2021 along with certain existing shareholders of the Company and API Holdings Private Limited, stipulating the terms of the additional fund raise through private placement and sale of shares of certain existing shareholders to API Holding Private Limited, which will result in change in ownership structure of the Company. Consequent to the above SSSPA, API Holdings Private Limited will own 67.3% stake in the Company.

4 Reserves and surplus

	As at 31 March 2021	As at 31 March 2020
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(35,379,546)	(1,314,632)
Less: loss for the year	(114,366,678)	(34,064,914)
Balance at the end of the year	**(149,746,224)**	**(35,379,546)**
Securities premium		
Balance at the beginning of the year	542,599,946	-
Add: Additions made during the year	313,218,294	545,844,792
Less: share issue expenses	-	(3,244,846)
Balance at the end of the year	**855,818,240**	**542,599,946**
	706,072,016	**507,220,400**

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5 Long-term borrowings

	As at 31 March 2021	As at 31 March 2020
Secured		
Term loan		
- from banks (vehicle)	5,856,128	-
- from others	294,962,974	-
Non Convertible Debentures	100,000,000	-
	400,819,102	-
Less: current maturity of long-term loans (refer note 9)		
- from banks	(1,652,377)	-
- from others	(137,275,562)	-
	261,891,163	-

Notes:-

Term loan against hypothecation of vehicles:

Term loan represents car loan from HDFC Bank and ICICI Bank of ₹ 5,856,128 related to various vehicles purchased. The rate of interest ranges from 9.5% to 10% p.a.. The loan is secured by hypothecation of vehicles repayable monthly over a period of 3 to 4 years.

Term loan from others comprise of:

Working capital term loan from Vivriti Capital of ₹ 294,962,974 secured by lien on fixed deposits, hypothecation of current and movable fixed assets, 100% pledge on shareholding in Shreeji Distributors Pharma Private Limited and personal guarantee of Promoters. The rate of interest ranges from 13.5% to 15% p.a. and repayable over 24 to 36 months.

Non Convertible Debentures

1,000 Debentures of face value of ₹ 100,000 were issued to Stride Ventures amounting to ₹ 100,000,000 secured by pari passu charge on current assets and movable fixed assets and fixed deposits extended to the facility. The rate of interest is 14% p.a. and repayable at the end of 15 months. Further, Stride Ventures has a right to subscribe to the CCPS of the Company at a predetermined price.

6 Long-term provisions

	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (refer note 31)	2,806,413	280,313
	2,806,413	**280,313**

7 Short-term borrowings

	As at 31 March 2021	As at 31 March 2020
Current		
Secured		
Loan repayable on demand		
- Bank overdraft / Cash credit from bank	256,127,049	8,412,307
- Bill discounting from others	46,647,391	8,690,044
Loan repayable on demand (from others)	70,123,334	-
Unsecured		
Loan from related parties (refer note 32)	4,000,000	20,144,610
	376,897,774	**37,246,961**

Notes

Loans repayable on demands

Bank overdraft from banks comprise of:

Bank overdraft: from HDFC Bank and ICICI Bank of ₹ 256,127,049 secured by lien on fixed deposits, hypothecation of current and movable fixed assets, and personal guarantee of Promoters. The rate of interest ranges from 9% to 9.2% p.a. and repayable on demand.

Bill discounting from others comprise of:

Bill discounting represents debtors discounting without recourse from Vivriti Capital of ₹ 46,647,391 secured by lien on fixed deposits and personal guarantee of Promoters. The rate of interest is 13.75% p.a. and repayable on demand.

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7 Short-term borrowings (Cont'd)

Loan from others comprise of:

Working Capital Demand Loan ("WCDL") from Vivriti Capital and Shri Sidhivinayak Overseas Private Limited of ₹ 70,123,334 secured by fixed deposits extended on the facility, pari passu charge on current assets and movable fixed assets and personal guarantee of promoters. The rate of interest is 13.5% p.a. and repayable within a year.

Loan from related parties and others comprise of:

Loan repayable on demand from Mayank Kapoor ₹ 4,000,000 with no interest payable.

8 Trade payables

	As at 31 March 2021	As at 31 March 2020
Due to micro and small enterprises (refer note (a) below)	1,809,555	1,563,980
Dues to others (refer note 32)	201,933,426	109,183,291
	203,742,981	110,747,271

a)Due to micro and small medium enterprises

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) based on information received and available with the Company. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.

Particulars	As at 31 March 2021	As at 31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; as at the end of the year		
(i) Principal amount	1,809,555	1,563,980
(ii) Interest due on above	-	-
The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Development Act,2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act,2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

9 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term borrowings (refer note 5)	138,927,939	-
Liability on account of share purchase agreement (refer note 13)	91,012,572	-
Interest accrued but not due	3,275,883	459,397
Dues to employees	8,434,410	2,772,427
Statutory dues payable	3,530,298	2,555,711
Advance from customers	2,455,755	-
Creditors for capital goods	3,893,535	734,070
	251,530,392	6,521,605

10 Short-term provisions

	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (refer note 31)	10,661	651
Provision for sales return	862,619	-
	873,280	651

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11 (a) Property, plant and equipment

Particulars	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
Gross block (at cost)					
Balance as at 1 April 2019	42,299	25,932	-	-	68,231
Additions during the period	1,078,372	2,311,677	288,983	-	3,679,032
Balance as at 31 March 2020	**1,120,671**	**2,337,609**	**288,983**	**-**	**3,747,263**
Additions during the year	10,626,711	8,287,706	13,750,606	5,844,248	38,509,271
Balance as at 31 March 2021	**11,747,382**	**10,625,315**	**14,039,589**	**5,844,248**	**42,256,534**
Accumulated depreciation					
Balance as at 1 April 2019	12,916	996	-	-	13,912
Depreciation charge for the period	251,422	575,699	27,924	-	855,045
Balance as at 31 March 2020	**264,338**	**576,695**	**27,924**	**-**	**868,957**
Depreciation charge for the year	4,107,859	2,111,286	1,025,924	602,342	7,847,411
Balance as at 31 March 2021	**4,372,197**	**2,687,981**	**1,053,848**	**602,342**	**8,716,368**
Net block					
Balance as at 31 March 2020	**856,333**	**1,760,914**	**261,059**	**-**	**2,878,306**
Balance as at 31 March 2021	**7,375,185**	**7,937,334**	**12,985,741**	**5,241,906**	**33,540,166**

b) Intangible assets

Particulars	Software	Total
Gross block		
Balance as at 1 April 2019		
Additions during the period	132,500	132,500
Balance as at 31 March 2020	**132,500**	**132,500**
Additions during the year	16,227,359	16,227,359
Balance as at 31 March 2021	**16,359,859**	**16,359,859**
Accumulated amortisation		
Balance as at 1 April 2019		
Amortisation charge for the period	31,762	31,762
Balance as at 31 March 2020	**31,762**	**31,762**
Amortisation charge for the year	5,268,890	5,268,890
Balance as at 31 March 2021	**5,300,652**	**5,300,652**
Net block		
Balance as at 31 March 2020	**100,738**	**100,738**
Balance as at 31 March 2021	**11,059,207**	**11,059,207**

12 Intangible assets under development

	Software	Total
Balance as at 1 April 2019	-	-
Additions during the year	3,000,000	3,000,000
Less: Capitalised during the year	-	-
Balance as at 31 March 2020	**3,000,000**	**3,000,000**
Additions during the year	28,591,097	28,591,097
Less: Capitalised during the year	(15,335,494)	(15,335,494)
Balance as at 31 March 2021	**16,255,603**	**16,255,603**

This represents cost towards development of the Company's inhouse software called OMS Software for Inventory Management including tracking of inventory and stock report.

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021 (Cont'd)

(All amounts in ₹ unless otherwise stated)

13 Non-current investments

	As at 31 March 2021	As at 31 March 2020
Non trade, unquoted (valued at cost)		
Investment in equity share of associate		
Impex Healthcare Private Limited	75,600,000	-
- 650,000 (31 March 2020:Nil) equity shares of ₹ 10 each		
Allumer Medical Private Limited (refer note (b) below)	-	40,898,548
- 9,921,080 (31 March 2020 : 3,870,540) equity shares of ₹ 10 each		
Investment in equity shares of subsidiaries		
Allumer Medical Private Limited	116,772,320	-
- 9,921,080 (31 March 2020 : 3,870,540) equity shares of ₹ 10 each		
Shreeji Distributors Pharma Private Limited	214,744,080	-
- 100,000 (31 March 2020:Nil) equity shares of ₹ 10 each		
	407,116,400	**40,898,548**

Note:

a) During the year, the Company has acquired equity stake of 26% in Impex Healthcare (India) Private Limited.

b) During the current year, the Company has further invested 28% in Allumer Medical Private Limited ('Allumer') by acquisition of equity shares which resulted in equity stake of 67.01% in Allumer.

c) During the current year, the Company has invested 76.01% in Shreeji Distributors Pharma Private Limited ('Shreeji') by acquisition of equity shares.

The Company has agreed to purchase the balance stake in Allumer and Shreeji via share purchase agreement at a pre-agreed rate, accordingly, the Company has accounted the commitment to acquire remaining equity shares of Allumer and Shreeji as liability on account of share purchase agreement as on the date of acquisition.

14 Loans and advances

	As at 31 March 2021		As at 31 March 2020	
	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good)				
Claims recievable	-	39,369,602	-	-
Security deposits	2,559,000	16,955,372	2,749,750	-
Advance income tax, net of provision for tax (refer note below)	1,559,377	-	22,500	-
Goods and service tax receivable	-	53,327,474	-	4,259,999
Advance to suppliers	-	26,053,335	-	2,403,885
Prepaid expenses	-	129,125	-	-
Adavances to staff	-	203,975	-	-
Loan to related parties (refer note 32)	-	25,225,439	-	-
	4,118,377	**161,264,322**	**2,772,250**	**6,663,884**

The Company has opted for lower tax rate pursuant to Taxation Law (Amendment) Ordinance, 2019. As a result, for the year ended 31 March 2021, statutory tax rate has reduced to 25.17% (including applicable cess and surcharges).

15 Other non-current assets

	As at 31 March 2021	As at 31 March 2020
Fixed deposits with maturity of more than 12 months (refer note 18)	110,000,000	-
Interest accured on fixed deposits	1,353,550	-
	111,353,550	**-**

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AKNA MEDICAL PVT. LTD.

Akna Medical Private Limited
Summary of significant accounting policies and other explanatory information for the year ended 31 March 2021 (Cont'd)
(All amounts in ₹ unless otherwise stated)

16 Inventories

	As at 31 March 2021	As at 31 March 2020
Stock-in-trade	361,739,377	46,645,533
	361,739,377	**46,645,533**

(i) The Company had written down certain inventories to net realisable value on account of measurement at the lower of cost and net realisable value amounting by ₹ nil (31 March 2020: ₹ 2,673,936) and recognised as an expense under the head 'changes in inventories of stock-in-trade'.

17 Trade receivables

	As at 31 March 2021	As at 31 March 2020
(Unsecured)		
Outstanding for a period exceeding six months from the due date		
Considered good	28,190,054	2,727,417
Considered doubtful	4,695,066	1,559,694
(Unsecured)		
Other debts		
Considered good (refer note 32)	465,463,875	105,109,249
	498,348,995	**109,396,360**
Less: Allowance for doubtful receivables	(4,695,066)	(1,559,694)
	493,653,929	**107,836,666**

18 Cash and bank balances

	As at 31 March 2021	As at 31 March 2020
Cash on hand	8,843	88,310
Balance with bank		
- in current account	1,601,423	471,969,146
	1,610,266	472,057,456
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months	220,500,000	-
Deposits with maturity of more than 12 months	110,000,000	-
	330,500,000	-
Less: Amount disclosed under other non-current assets (refer note 15)	(110,000,000)	-
	222,110,266	**472,057,456**

19 Other current assets

	As at 31 March 2021	As at 31 March 2020
Interest accrued but not due on bank deposits	5,220,692	-
	5,220,692	**-**

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AKNA MEDICAL PVT. LTD. *

		Year ended 31 March 2021	Year ended 31 March 2020
20	**Revenue from operations**		
	Sale of traded goods (refer note 32)	1,249,783,325	236,203,786
		1,249,783,325	**236,203,786**
21	**Other income**		
	Interest income on bank deposits	13,110,245	-
	Interest income on loan to related parties (refer note 32)	2,308,564	636
		15,418,809	**636**
22	**Purchase of stock-in-trade**		
	Purchases of traded goods (refer note 32)	1,452,565,419	264,327,342
		1,452,565,419	**264,327,342**
23	**Change in inventories of stock-in-trade**		
	Opening stock of traded goods	46,645,533	1,043,056
	Closing stock of traded goods	361,739,377	46,645,533
		(315,093,844)	**(45,602,477)**
24	**Employee benefits expense**		
	Salaries, wages and bonus	62,792,900	8,909,408
	Contribution to provident and other funds (refer note 31)	790,015	167,628
	Gratuity expenses (refer note 31)	2,536,110	280,964
	Staff welfare expenses	1,268,923	342,314
		67,387,948	**9,700,314**
25	**Depreciation and amortisation expenses**		
	Depreciation of property, plant and equipment (refer note 11(a))	7,847,411	855,045
	Amortisation of intangible assets (refer note 11(b))	5,268,890	31,762
		13,116,301	**886,807**
26	**Finance costs**		
	Interest expenses (refer note 32)	43,349,983	1,177,611
		43,349,983	**1,177,611**

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27 Other expenses

	Year ended 31 March 2021	Year ended 31 March 2020
Rent (refer note 30 and 32)	17,041,043	4,107,400
Legal and professional expenses (including auditors' remuneration)* (refer note	40,521,860	21,721,262
Travelling and conveyance	4,839,584	2,150,605
Branch establishment expenses	3,058,234	2,115,140
Professional charges for mergers and acquistions	7,592,350	-
Transportation charges	22,326,234	3,916,630
Brokerage and commission	972,091	1,216,539
Packing expenses	2,276,983	101,093
Repairs and maintenance - others	986,612	480,056
Communication expenses	994,249	43,857
IT expenses	2,783,966	393,968
Office maintenance	3,810,954	425,245
Rates and taxes	892,838	216,014
Electricity charges	2,050,947	460,687
Bank charges	179,562	425,095
Allowances for doubtful debts	3,135,372	1,559,694
Provision for sales return	703,181	-
Miscellaneous expenses	3,917,508	447,744
	118,083,567	**39,781,028**

* Auditors' remuneration *(excluding applicable taxes and out of pocket expenses)*		
- Statutory audit	1,000,000	1,000,000
- Others	-	-
	1,000,000	**1,000,000**

28 Prior period items

	Year ended 31 March 2021	Year ended 31 March 2020
Provision for sales return (*)	159,438	-
	159,438	-

(*) The Company had not recorded erroneously the provision for sales return to the extent of ₹ 1,59,438 during previous year.

29 Loss per share

Net Loss after tax attributable to the equity shareholders	(114,366,678)	(34,064,914)
Weighted average number of shares outstanding for computing basic and diluted EPS (in numbers) (refer note (a) below)	1,315,979	1,107,013
	1,315,979	**1,107,013**
Loss per share:		
Basic (In ₹)	(86.91)	(30.77)
Diluted (In ₹)	(86.91)	(30.77)
Nominal value per share (In ₹)	10.00	10.00

(a) The Company has issued CCPS during the current year, however, addition of potential equity shares from conversion of CCPS is anti-dilutive in nature. Hence, the same has not been considered.

30 Leases

Operating leases

The Company has entered into leasing arrangements in respect of its office and warehouse premises. The leases are for a period ranging from 2 to 3 years, which can be extended for such future periods as mutually agreed at the option of the lessee.

	Year ended 31 March 2021	Year ended 31 March 2020
Lease expenses recognised in the Statement of Profit and Loss	17,041,043	4,107,400
Total	**17,041,043**	**4,107,400**

With respect to non-cancellable operating leases, the future minimum lease payment are as follows:

	As at 31 March 2021	As at 31 March 2020
Payments falling due		
Not later than 1 year	12,891,588	-
Later than 1 year but not later than 5 years	9,329,212	-

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31 Employee benefits

a) Defined benefit plan

The Company has gratuity as defined benefit retirement plan for its employees. The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age. Gratuity plan is non-funded.

The following table set out the status of the gratuity plan as required under Accounting Standard 15 "Employee benefits" and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	1,450,152	280,964
Interest cost on benefit obligation	18,516	-
Net actuarial loss recognized	1,067,442	-
Net benefit expense	**2,536,110**	**280,964**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	280,964	-
Current service cost	1,450,152	280,964
Interest cost	18,516	-
Actuarial loss	1,067,442	-
Closing defined benefit obligation	**2,817,074**	**280,964**
Break up of amount recognised in the Balance Sheet		
Current liability	10,661	651
Non-current liability	2,806,413	280,313
Total liability	**2,817,074**	**280,964**

	Year ended 31 March 2021	Year ended 31 March 2020
Assumptions		
Discount rate (%)	7.18%	6.59%
Salary escalation rate (%)	8.00%	8.00%
Attrition rate (%)	10.00%	10.00%
Retirement age (years)	58	58
Life expectancy/ mortality rate *	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

* Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics. These assumptions translate into an average life expectancy in years at retirement age.

b) Defined contribution plan

The Company makes contribution to statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952. These are defined contribution plans as per AS 15. Contribution made during the year ended 31 March 2021 is ₹ 790,015 (31 March 2020: ₹ 167,628).

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32 **Related party disclosures**

i. Name of the party		Nature of relationship
a. Entities where the Company having control		
Allumer Medical Private Limited (w.e.f. 2 April 2020)		Subsidiary
Shreeji Distributors Pharma Private Limited (w.e.f 31 December 2020)		Subsidiary
b. Entities having significant influence on the Company		
Lightstone Fund S.A.		Preference Shareholder having significant influence over the Company
c. Entities where the Company having significant influence		
Impex Healthcare Private Limited (w.e.f. 31 March 2021)		Associate
d. Key management personnel		
Saurabh Pandey		Director
Mahadevan Narayanamoni		Director
Mayank Kapoor	(w.e.f 28 September 2020)	Director
Mohamed Salim Asaria	(w.e.f. 28 September 2020)	Director
Recha Tiwari		Relative of Saurabh Pandey
Deepak Kapoor		Relative of Mayank Kapoor
Mansi Kapoor		Relative of Mayank Kapoor

ii. Transactions with related parties are summarised below

Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Sale of traded goods		
Allumer Medical Private Limited	27,978,294	109,234
Shreeji Distributors Pharma Private Limited (From 31 December 2020)	234,290	-
Impex Healthcare Private Limited (From 31 March 2021)	37,445	-
Purchase of traded goods		
Allumer Medical Private Limited	2,580,462	684,555
Shreeji Distributors Pharma Private Limited (From 31 December 2020)	3,786,342	
Impex Healthcare Private Limited (From 31 March 2021)	33,408	
Legal and professional expenses		
Saurabh Pandey	7,800,000	1,620,000
Recha Tiwari	-	1,980,000
Mayank Kapoor	6,600,000	1,750,000
Deepak Kapoor	-	1,000,000
Mansi Kapoor	-	850,000
Mahadevan Narayanamoni	1,200,000	-
Interest income		
Allumer Medical Pvt Ltd	1,410,259	-
Shreeji Distributors Pharma Private Limited (From 31 December 2020)	898,305	-
Interest expense		
Saurabh Pandey	52,409	85,175
Rent		
Saurabh Pandey	60,000	60,000
Contribution in equity/preference shares		
Saurabh Pandey	2,500,336	305,000
Mahadevan Narayanamoni	2,500,336	1,479,390
Mayank Kapoor	4,999,536	34,898,548
LGT Light Stone Fund	295,999,568	489,998,033

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32 Related Party disclosures (Cont'd)

Nature of transaction	As at 31 March 2021	Year ended 31 March 2020
Loan taken		
Saurabh Pandey	3,000,000	9,684,000
Mahadevan Narayanamoni	2,500,336	9,000,000
Mayank Kapoor	7,770,000	1,400,000
Allumer Medical Private Limited	-	4,550,000
Loan repaid / converted		
Saurabh Pandey	10,874,000	2,565,000
Mahadevan Narayanamoni	14,770,946	1,479,390
Mayank Kapoor	3,770,000	4,104,000
Allumer Medical Private Limited	-	6,400,000
Loan given		
Allumer Medical Private Limited	25,225,439	-

iii. Balances at the end of the year	As at 31 March 2021	Year ended 31 March 2020
Balance payable		
Allumer Medical Private Limited	-	2,367,542
Saurabh Pandey	221,647	1,643,213
Mayank Kapoor	2,520,702	1,732,160
Shreeji Distributors Private Limited	3,951,483	-
Deepak Kapoor	-	900,000
Mansi Kapoor	-	765,000
Recha Tiwari	-	1,782,000
Balance receivable		
Allumer Medical Private Limited	27,736,760	-
Impex Healthcare Private Limited	5,211,946	-
Short-term borrowing		
Saurabh Pandey	-	7,874,000
Mahadevan Narayanamoni	-	12,270,610
Mayank Kapoor	4,000,000	-
Short-term loans & advances		
Allumer Medical Private Limited	25,225,439	-
Interest on loan		
Saurabh Pandey	-	132,383
Mahadevan Narayanamoni	-	111,206

33 Impact of COVID-19

Pursuant to relaxations by granted by the Ministry of Home Affairs ('MHA'), the business of the Company was classified as essential services and the Company continued to work in accordance with the extant guidelines issued by the MHA and respective state governments and the affect of economic disruption was minimal to the Company's business.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal sources of information including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statement.

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34 Commitments and contingencies

(a) In March 2021, the Company has acquired 26% stake in Impex Healthcare Private Limited ('Impex') for a consideration of ₹ 75,600,000. Additionally, the Company has agreed to purchase balance 74% stake in Impex in 2 tranches at a predetermined EBITDA multiple over a period of 2 years.

35 Segment information

Primary segment information

The Company is currently engaged in the businss of wholesale trading of Medical supplies. As the Company's business falls within a single primary business segment the financial statements are reflective of the information required by Accounting Standard 17 "Segment Reporting".

Secondary segment information

The entire operations of the Company are within India and therefore the secondary segment reporting based on geographical location of its customers is not applicable to the Company.

36 Deferred tax

No deferred tax assets is recognised as at 31 March 2021 in accordance with Accounting Standard (AS) 22 - Accounting for Taxes on Income, as there is no reasonable certainty based on past records of the Company and future projections, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

37 Comparative information

The Previous year amounts have been regrouped/reclassed wherever necessary, to conform to the presentation in the current year.

38 Additional disclosures

Additional information as required under Schedule III to the Act to the extent either "nil" or "not applicable" has not been furnished.

As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122

Bengaluru
24 August 2021

For and on behalf of the Board of Directors of
Akna Medical Private Limited

Saurabh Pandey
Director
DIN: 07281690

Bengaluru
24 August 2021

Mahadevan Narayanamoni
Director
DIN: 07128788

Bengaluru
24 August 2021

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

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