



CREDENCE
INVESTMENTS

Credence Investments

<https://Credenceinvestments/pharmeasy>

Company Note as on 31st December 2024



COMPANY OVERVIEW

Metric	Value
ISIN	INEODJ201029
Face Value	₹1
Depository	NSDL & CDSL
PAN Number	AASCA1201E
Market Capitalization	₹5,460.38 crore
Total Shares Outstanding	6,240,435,432
Price-to-Earnings (P/E) Ratio	Not Applicable (Company is currently loss-making)
Price-to-Book (P/B) Ratio	2.11
Earnings Per Share (EPS)	-₹4.06
Sector	eCommerce
Category	Unlisted
52-Week High	₹10.25 (on 24/01/2025)
52-Week Low	₹8.25 (on 06/08/2024)

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SNAPSHOT

API Holdings, the parent company of **PharmEasy**, is **India's largest digital healthcare platform**, offering an **integrated, end-to-end solution** to address consumer healthcare needs through **technology and fulfilment capabilities**. Its **proprietary technology platform** creates a seamless, **interconnected network** benefiting all stakeholders in the healthcare ecosystem.

The company collaborates with and develops services for **consumers, pharmaceutical companies, wholesalers, pharmacies, hospitals, doctors, clinics, and diagnostic labs**. With a **growing national footprint** and a **connected ecosystem approach**, PharmEasy has established strong relationships across the **healthcare value chain**.

PharmEasy is a **health-tech startup** providing a “**super app**” that offers **on-demand home delivery** of **prescription and OTC medicines, consumer healthcare products, diagnostic test services, and teleconsultations**.

Founded in **2014** by **Dharmil Sheth** and **Dr. Dhaval Shah**, PharmEasy now operates **pan-India**, serving **1,000+ cities and towns** and covering **22,000+ pin codes**, including major metropolitan areas like **Mumbai, Delhi, Kolkata, Bengaluru, Hyderabad, and Chennai**.

PharmEasy **became a unicorn** in **April 2021** with a **\$1.5 billion valuation** after securing **\$350 million** from **Prosus Ventures, TPG, and others**. Following the **Thyrocare acquisition**, its valuation surged to approximately **\$4 billion**.

Funding History & Market Developments:

- **Pre-IPO Funding Round:** The Mumbai-based e-pharmacy secured nearly **\$350 million** in a pre-IPO round, valuing the company at approximately **\$5.6 billion**. In 2021, it raised a total of **\$1 billion**, including secondary funding.
- **Key Investors:** PharmEasy attracted investments from **Amansa Capital, Blackstone-backed ApaH Capital, Janus Henderson, OrbiMed, Steadview Capital, Abu Dhabi's ADQ, Neuberger Berman, and Sanne Group** in its recent pre-IPO round.
- **Postponed IPO Plans:** Due to unfavorable market conditions, **API Holdings withdrew its IPO plans**, initially filed with **SEBI on November 9, 2021**. The company had intended to raise **₹6,250 Cr** from the listing.
- **Debt Financing:** In **November 2022**, **EvolutionX Debt Capital** made its first-ever investment in **API Holdings**, marking its entry into India's online pharmacy sector.

Rights Issue & Valuation Drop:

- In **August 2023**, API Holdings decided to **raise ₹3,500 Cr** through a **rights issue** to repay a **Goldman Sachs loan**.

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- A month later, the company issued **18.63 Cr CCPS B shares at ₹96.8 each**, raising **₹1,804 Cr (\$216 million)**.
- This funding round **reduced its valuation by nearly 90%**, bringing it down to **\$710 million from its \$5.6 billion valuation in 2021**.

PRODUCTS & SERVICES



1) **Sale of Products:** The **Pro Forma GMV** for product sales stood at **₹5,007.71 Cr** in **Fiscal 2024**, covering **retailer distribution, chemist and institutional distribution, and hospital distribution**.

a. **Distribution to Retailer**

The company supplies **pharma, OTC, private label medical products, surgical items, and consumables**—sourced from pharmaceutical companies and wholesalers—to **retailers**, who are registered sellers on the **PharmEasy marketplace**. In **Fiscal 2024**, this segment generated **₹872.70 Cr**, accounting for **15.4%** of consolidated revenue.

b. Distribution to chemist and institutions: Operating a **tech-driven distribution model**, the company procures **pharmaceutical, OTC, private label, surgical, and consumable products** from pharmaceutical companies and sells them to **chemists and institutions** (including pharmacies, hospitals, doctors, clinics, and medical centres). Sales occur **both directly and through Retailio's technology**. Known as **Retailio 1P**, this segment reported **₹3,188.23 Cr** in revenue for **Fiscal 2024**

c. **Distribution to hospital**

Aknamed generated **₹940.94 Cr** in revenue for **Fiscal 2024** by **targeting profitable hospital customers, increasing wallet share, and expanding the**

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product portfolio. This segment contributed **16.6%** to the company's consolidated revenue.

2) Sale of Services

The **Pro Forma GMV** for **service sales** amounted to **₹656.57 Cr** in **Fiscal 2024**, primarily driven by **diagnostic services and other technology-driven services.**

3) Diagnostic services:

Thyrocare offers **900+ diagnostic tests** through **30 labs** as of **March 2024 (March 2023: 31 labs)**. The company expanded **NABL-accredited labs** from **15 to 25**, ensuring **95% of total samples** were processed in accredited facilities. PharmEasy Labs conducted **147 million tests**, marking a **4% year-over-year growth**, and generated **₹1,164.76 Cr** in revenue for **Fiscal 2024**.

4) Other Services:

Additional services, including **fulfillment services for pharmaceutical and OTC products on the PharmEasy marketplace**, as well as **technology and software solutions for doctors, pharmacies, and Retailio's platform**, contributed **₹43.32 Cr** in **Fiscal 2024**. Retailio enables **wholesalers and pharmacies to connect and trade a broad range of pharmaceutical and medical products.**

COMPANY DETAILS

PharmEasy Marketplace Operations:

The **PharmEasy marketplace** is managed by **Axelia Solutions Private Limited ("Axelia")**, a **wholly owned subsidiary of Aarman Solutions Private Limited**. API Holdings holds a **19.99% equity stake** in **Aarman Solutions**. The **"PharmEasy" brand** and its **proprietary technology** are owned by **API**, which licenses them to **Axelia** under a **platform and brand licensing agreement**. The **license fee** is based on a **percentage of the GMV transacted** on the **PharmEasy marketplace**, calculated **quarterly**.

Key Business Highlights (FY24):

- Conducted **147 million tests**, reflecting a **4% year-on-year growth**
- Expanded the **active franchisee base** to **7,900+**, more than **doubling over the past three years**.
- **Retailio 1P** serviced an **average of 67,000 retailers** in **FY24**, up from **65,000** in **FY23**. The focus remained on **enhancing retention, improving service levels, and targeting high-margin customers**.

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- The **diagnostics business** grew by **7.7%** in **FY24**, driven by **Thyrocare's improved performance**, the addition of **200+ new tests (totaling 920 tests)**, and an **expanded franchise network** (400+ new franchises added in **FY24**, more than doubling in the last three years).
- The Group **expanded internationally**, as **Thyrocare Technologies Limited** entered a **joint venture in Tanzania**—its **first overseas market**. **Thyrocare Laboratories (Tanzania) Limited** was established, with **50% ownership held by Thyrocare Technologies Limited**.

ACQUISITION AND AMALGAMATION

- In **FY24**, **Thyrocare Technologies Limited** (a step-down subsidiary) acquired a **100% stake** in **Think Health Diagnostics Private Limited** by purchasing equity shares from all existing shareholders.
- The Company **increased its stake** in **Care Easy Health Tech Private Limited ("Care Easy")** from **80% to 100%** by acquiring an additional **20% share capital**.
- In **January 2021**, **API Holdings** acquired **Medlife**, then one of **India's leading digital healthcare companies** in terms of **GMV of products sold** (as per the **RedSeer Report**). **Medlife** was valued at **\$375 million** as of **January 31, 2021**.
- In **September 2021**, **API Holdings** acquired **Thyrocare** for **over \$600 million**, making it **India's largest diagnostic player by test volumes** (as per **RedSeer**). **Thyrocare** offers a **comprehensive portfolio of 900+ diagnostic tests** across **30 labs** (as of **March 31, 2024**).
- In **September 2021**, **API Holdings** acquired **Aknamed**, a **leading tech-enabled supplier of specialty medicines, pharmaceutical drugs, surgical and medical devices, and other medical products** for **doctors and hospitals** in India. The **deal closed at \$180-190 million**.
- In **October 2021**, **API Holdings** acquired a **49% stake** in **Marg**, a **leading ERP provider for retailers and distributors**. In **December 2023**, the Company entered into an agreement to acquire an additional **50.64% stake** in **Marg ERP Limited**, bringing its **total ownership to a majority stake**. The acquisition was set to be completed by **December 30, 2023**.

INDUSTRY OVERVIEW

- **India's E-Pharmacy Market** was valued at **USD 394.09 million in 2024** and is projected to grow at a **CAGR of 12.62%** through **2030**.
- The **Indian pharmaceutical industry** has witnessed a **fourfold increase in foreign direct investments (FDI)** over the past five years.

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- The market's rapid growth has attracted **startups, top e-commerce companies, and traditional brick-and-mortar stores**, further increasing competition.
- The market is divided into **chronic and acute therapy segments**. In **2022, chronic therapy** led the market with a **63.42% revenue share**, but its dominance is expected to decline to **53.92% by 2029**. Meanwhile, the **acute therapy segment** is expected to expand significantly, increasing its market share from **36.58% in 2020 to 46.08% by 2029**, growing at a **CAGR of 50.56% (2023-2029)**.
- The **digital health market** is segmented into **telehealth, mHealth, electronic health records/electronic medical records (EHR/EMR), and other areas** such as **remote diagnostics and healthcare analytics**.
- In **August 2020**, the **Indian government** launched the '**National Digital Health Mission**', aiming to integrate digital health infrastructure and bridge gaps among healthcare stakeholders.
- With the **shift to digital healthcare**, India is expected to see **major advancements** in the **traditional healthcare system**, driven by **homegrown healthtech startups**. **Telemedicine and online pharmacies** are at the forefront of this transformation. The **Indian healthtech market** is projected to reach **\$21 billion by 2025**, though it will still account for only **3.3% of the total addressable healthcare market**, which is estimated to grow to **\$638 billion by 2025**—indicating **significant growth potential** in the sector.

FINANCIAL PERFORMANCE OVERVIEW (FY24 VS. FY23):

- **Revenue from Operations** declined by **14.75%**, decreasing from **₹6,643.94 Cr in FY23** to **₹5,664.29 Cr in FY24**.
- **Goods revenue** fell by **15.50%**, primarily due to lower retailer sales. This decline resulted from the company's strategy to **limit new customer growth** on the **PharmEasy platform** and **reduce marketing expenses**. Moving forward, the focus is on **increasing average order value**.
- **Hospital revenue** also declined as the company **stopped serving lower-margin customers** with high working capital demands.
- **Sales to chemists and institutions** saw a **slight dip**, which the company addressed by initiating a **rights issue to strengthen working capital**.

Expense & Profitability Trends:

- **Total Expenses** decreased by **19.16%**, dropping from **₹8,947 Cr in FY23** to **₹7,254 Cr in FY24**.
- **Profit After Tax (PAT)** improved to **₹-2,533 Cr in FY24**, a notable recovery from **₹-5,211.73 Cr in FY23**.

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₹ (in Cr.)

Key Financials	API Holdings Limited			CAGR
	2021-22	2022-23	2023-24	
Revenue from Operations	5,728.82	6,643.94	5,664.29	-0.56%
Total Income	5,781.00	6,699.77	5,758.94	-0.19%
Finance Cost	258.26	665.54	727.92	67.88%
Depreciation & Amortization	158.79	243.44	215.95	16.62%
Total Expenses	8,491.59	8,974.01	7,254.80	-7.57%
EBITDA	-2,293.54	-1,365.26	-551.99	-
PAT	-3,992.50	-5,211.73	-2,533.40	-
No. of Eq. Shares Outstanding	614.20	1,511.42	1,511.42	-
EPS (in ₹)	-6.50	-3.45	-1.68	-
Share Capital	614.20	614.25	624.04	0.80%
Total Net Worth	7,022.48	6,115.69	2,588.31	-39.29%
Total Assets	11,398.33	11,342.65	8,389.66	-14.21%
Total Debt	2,585.42	3,511.08	4,098.36	25.90%

Key Financials-FY24	API Holdings Limited
CMP (in ₹)	7.90
No. of Equity Shares Outstanding	1,511.42 Cr
Market Cap (in ₹ Cr.)	11,940.26
EPS (Earnings Per Share)	-1.68
BVPS (Book Value Per Share)	1.71
P/E Ratio	-4.71
P/BV Ratio	4.61
EBITDA Margin	-9.75%
ROE (Return on Equity)	-97.88%
ROA (Return on Assets)	-30.20%

*Market Price in ₹ as on 19th November 2024

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CONSOLIDATED FINANCIAL STATEMENTS

Financials:

https://www.apiholdings.in/files/ugd/7760e6_aa55ab49d83f41b790bf031684af9c87.pdf

API Holdings Limited Consolidated Statement of Profit and Loss for the year ended March 31, 2024 (All amounts in Rupees millions, unless otherwise stated)			
Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from operations	34	56,642.86	66,439.38
Other income	35	946.55	558.33
Total income		57,589.41	66,997.71
Expenses			
Cost of Material Consumed	36	1,645.09	1,569.20
Purchase of stock-in-trade	37	45,728.06	55,120.60
Changes in inventories of stock-in-trade	38	1,430.14	618.96
Employee benefits expense	39	6,993.63	12,833.20
Finance costs	40	7,279.16	6,655.43
Depreciation and amortisation expense	41	2,159.52	2,434.40
Expected credit loss on financial assets		1,692.64	683.37
Other expenses	42	5,619.76	5,824.94
Total expenses		72,548.00	89,740.10
Loss before exceptional items, share of net profit/(loss) of Investments accounted for using the equity method and tax		(14,958.59)	(22,742.39)
Share of profit/(loss) of Investments accounted for using equity method		8.75	(2.99)
Loss before exceptional items and tax		(14,949.84)	(22,745.38)
Exceptional items	43		
- Impairment of goodwill (refer note 5)		(5,825.00)	(28,256.10)
- Impairment of investments in associates (refer note 7)		(334.25)	(963.74)
- Early redemption charges for NCD's (refer note 146)		(3,424.94)	-
- Others		(685.69)	-
Loss before tax		(25,219.72)	(51,965.22)
Tax expense	44		
Current tax charge		379.21	389.48
Deferred tax credit		(270.03)	(241.11)
Tax expense pertaining to prior periods		6.23	3.75
Total tax expense		115.41	152.12
Loss after tax		(25,335.13)	(52,117.34)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurements of post-employment defined benefit plans	48	24.64	97.95
Income tax relating to above items	44	(1.22)	(6.22)
Other comprehensive income, net of tax		23.42	91.73
Total comprehensive loss		(25,311.71)	(52,025.61)
Profit/(loss) for the period attributable to:			
- Owners of API Holdings Limited		(25,499.51)	(52,295.46)
- Non controlling interest		164.38	178.12
		(25,335.13)	(52,117.34)
Other comprehensive income / (loss) for the period attributable to:			
- Owners of API Holdings Limited		21.69	86.81
- Non controlling interest		1.73	4.92
		23.42	91.73
Total comprehensive income / (loss) for the period attributable to:			
- Owners of API Holdings Limited		(25,477.82)	(52,208.65)
- Non controlling interest		166.11	183.04
		(25,311.71)	(52,025.61)
Loss per share (face value of Rs. 1 each) attributable to owners of the group	45		
Basic		(4.07)	(8.51)
Diluted		(4.07)	(8.51)

Material accounting policies

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API Holdings Limited Consolidated Balance Sheet as at March 31, 2024 (All amounts in Rupees millions, unless otherwise stated)			
Particulars	Note No.	As at	As at
		March 31, 2024	March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,862.44	3,378.97
Right-of-use assets	4	1,385.84	1,541.02
Capital work-in-progress	30(i)	37.56	30.63
Goodwill	5	36,911.84	42,699.35
Other intangible assets	6	4,474.21	5,742.05
Intangible assets under development	6A	9.48	10.74
Investments accounted for using equity method	7	1,748.03	2,016.06
Financial assets:			
Investments	8	174.62	173.62
Other financial assets	9	249.95	353.17
Deferred tax assets (net)	10	426.98	219.18
Non-current tax assets (net)	11	758.44	844.92
Other non-current assets	12	104.68	205.82
Total non-current assets		49,134.07	57,215.53
Current assets			
Inventories	13	5,555.60	6,881.60
Financial assets:			
Investments	14	1,367.55	1,232.37
Trade receivables	15	7,062.10	9,050.34
Cash and cash equivalents	16	3,279.89	1,936.48
Other bank balances	17	12,825.62	1,038.69
Loans	18	695.58	1,171.28
Other financial assets	19	862.62	820.24
Other current assets	20	3,071.38	3,116.49
Assets classified as held for sale	30(i)	42.89	1.14
Total current assets		34,762.53	25,348.63
Total assets		83,896.60	82,564.16
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	21	6,240.44	6,142.04
Instruments entirely in the nature of equity	22	256.53	-
Other equity			
Equity component of compound financial instruments	23	78.90	78.90
Reserves and surplus	24	15,568.55	14,705.77
Equity attributable to owners of API Holdings Limited		22,144.42	20,924.71
Non-controlling interests	52	3,738.68	3,444.18
Total equity		25,883.10	24,368.89
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	28	20,243.92	32,809.08
Lease liabilities	47	900.39	1,028.72
Provisions	25	111.66	131.36
Deferred tax liabilities (net)	10	1,732.70	1,799.71
Contract liabilities	26	-	0.17
Total non-current liabilities		22,988.67	34,969.04
Current liabilities			
Financial liabilities			
Borrowings	27	20,739.65	9,190.76
Lease liabilities	47	310.25	333.82
Trade payables	28	322.97	181.25
total outstanding dues of micro and small enterprises	28	3,806.10	3,962.86
Other financial liabilities	29	7,752.28	7,473.88
Other current liabilities	30	1,618.82	1,491.32
Contract liabilities	31	130.79	141.70
Provisions	32	302.81	366.24
Current tax liabilities (net)	33	41.06	100.40
Total current liabilities		35,024.83	23,232.23
Total liabilities		58,013.50	58,199.27
Total equity and liabilities		83,896.60	82,564.16

SHAREHOLDING PATTERN

Shareholding Pattern as on 31st March, 2024		
Category	No. of Shares	% Holding
Promoters	0	0.00%
Public Shareholding	1511,42,49,120	100.00%
Total	1511,42,49,120	100.00%

Key Shareholders:



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Top Shareholders		
Name of Shareholder	No. of Shares	% Holding
Naspers Ventures BV	81,33,16,570	13.03%
Macritchie Investments Pte. Ltd	73,25,16,290	11.74%
TPG Growth V SF Markets Pte. Ltd.	44,94,92,340	7.20%
Evermed Holdings Pte Ltd	39,60,33,000	6.35%
Prasid Uno Family Trust through its trustee Surbhi Singh	28,00,92,780	4.39%

MANAGEMENT

Board of Directors & Key Management	
Name	Designation
Siddharth Shah	Managing Director & CEO
Aditya Puri	Chairman and Non-Executive Director
Ashutosh Sharma	Non-Executive Director
Ankur Thadani	Non-Executive Director
Deepak Vaidya	Independent Director
Vineeta Rai	Independent Director
Subramaniam Somasundaram	Independent Director
Jaydeep Tank	Independent Director
Yatharth Bhargova	Chief Financial Officer
Pranav Saxena	Chief Technology Officer
Drashti Shah	Company Secretary & Chief Compliance Officer

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IPO DETAILS

PharmEasy is preparing to **re-enter the IPO market** after a **significant business restructuring**. The company plans to discuss its **IPO strategy**, which may include a **reverse merger with its publicly listed subsidiary, Thyrocare**, at its **February board meeting**. This move aims to leverage **improved cash flow** and a **revamped business model** to attract public market investors.

NEWS

- https://www.business-standard.com/companies/news/pharmeasy-founders-step-back-to-launch-new-venture-in-consumer-space-125012001411_1.html
- <https://www.moneycontrol.com/news/business/startup/pharmeasy-co-founders-dharmil-sheth-dhaval-shah-and-hardik-dedhia-to-start-new-consumer-venture-together-12916002.html>
- https://www.business-standard.com/companies/news/thyrocare-expands-northern-india-presence-with-polo-labs-acquisition-124072501218_1.html

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