PRICELESS!

Annual Report

2013-14

Inside this book

PRICELESS

Apollo Hospitals' Mission is "to bring healthcare of international standards within the reach of every individual. We are committed to the achievement and maintenance of excellence in education, research, and healthcare for the benefit of humanity."

Over the years many scientists have attempted to value the human body. The tag, once upon a time a mere 98 cents, has risen steadily over the years from $3.50 in 1972 to $5.60 in 1976 and $650 soon after. Then came along Yale molecular biologist, Harold J Morowitz, who referenced a biochemical company's catalogue that priced synthesized materials like haemoglobin at $2.95 a gram and bradykinin at $12,000 a gram, and came up with the staggering 6 million dollar man. He stated that the dollar number was merely a deduction based on the cost of materials available commercially-the hormones, proteins, enzymes, RNA, DNA, amino acids and other complex bio-chemicals that are the building blocks of life, and estimated that fashioning the $6 million chemical shopping list into human cells might cost closer to $6,000,000,000,000,000 (six thousand trillion dollars). Assembling the resulting heap of cells into tissue, the tissue into organs, and the organs into a warm body might in fact drain all the treasuries of the world, with no guarantee of success, Morowitz concluded.#

Such valuations are obviously purely notional. The blueprint and the savoir faire to assemble the raw materials into a warm body magically materialize the moment conception takes place. They codify, particularise and define how that body will function and how it will look. The body's innate intelligence unfolds and stays with it every day using the nervous system as its conduit to coordinate the massive number of functions that occur every second within it. If this capability together with the body's parts-vital and reproductive organs, fluids, tissues, germ fighting capabilities, its DNA and its emotions are taken into consideration, there is really no justifiable price tag for the human body. It is quite simply *non-pareil* and quite simply **Priceless.**

At Apollo we are cognizant of what this means. The pursuit of excellence in all that we do and a Patient First approach to healing underpins our health care practice. We have for over 30 years now put smiles on over 35 million faces with this sustained dedication towards patient wellbeing. Our motivation is simple.

It lies in our understanding that the human body is **Priceless.**

As reported in The New York Times, 11th February, 1976, "The High Cost of Being Human"—Harold J Morowitz

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

Chairman's Message

Dear Shareholders,

Priceless - the word is immediately associated with things of immeasurable value or inestimable worth. One always uses the word with reference to resources, which by definition are precious and scarce and therefore have to be managed with utmost reverence and care.

While many people would ascribe this word to things like a work of art or a precious stone, and a few to resources like oil or for that matter water, seldom does one realise that probably the most precious thing on the surface of earth is the human body.

I'm talking about your own individual health and the need to take care of it; it is your most precious resource apart from the time given to you, another precious resource, which is again finite. So the need to handle them both with utmost care cannot be over-emphasised.

It is human nature to take for granted things that are gifted to us. It is only when a resource becomes neglected or is taken for granted, that it is missed and its absence regretted.

Health is preserved and gained through a delicate combination of holistic practices such as a healthy mind, a balanced lifestyle, proper eating and soulful work. The preciousness and value of all life and especially human life is truly priceless. We need to be aware of this at every moment and also tell those around us. Health can be lost due to a variety of reasons and to preserve it, there are certain things which should be done: namely, stopping smoking, eating sensibly, getting enough exercise, adopting a holistic lifestyle through practice of yoga and meditation and getting a health check done regularly–a very small price to pay, for your priceless body.

I have personally witnessed, in the course of my profession, the value of getting to know the state of one's health through a timely health check. It gives one the power to manage health in a conscious manner and saves a lot of unnecessary effort, time and money; and it could perhaps save one's life as well. In grave conditions as cancer, early detection could well mean the difference between life and death. I can state emphatically that certain cancers, if detected early, can be cured. At Apollo, we have done it repeatedly.

Non-Communicable Diseases (NCDs) represent a new frontier in the fight to improve global health. NCDs affect the developing world and the lower-income populations the hardest. NCDs are estimated to account for nearly 75% of all global deaths. India alone accounts for 17% of these. This high burden poses a substantial threat to India's socio economic development, with a potential cumulative loss of US $6.2 trillion by 2030 – nearly 3.5 times our current GDP!

Global experience, has demonstrated that interventions aimed at prevention and early diagnosis are the most cost effective means for NCDs' control, especially in developed markets. There is clear evidence linking reductions in cardiovascular and diabetes related morbidity and mortality to focus on initiatives such as large scale awareness campaigns, lifestyle interventions, screening programmes and medication for high-risk groups. It is critical to recognize that many risk factors of NCDs (unhealthy diet, physical inactivity, tobacco use, alcohol abuse) are controllable with right individual action. The challenge for India is to create a mindset where individuals see healthy living as an essential investment rather than as an expense.

As caregivers, we at Apollo take this responsibility very seriously while we continue to focus on providing best-in-class medical treatment across all specialties of care. Be it Cardiology, Oncology, Orthopedics, or Neuro-sciences, we provide the same emphasis on creating a culture of health and wellness as with care and sickness.

Be it branching out from primary clinics to Sugar clinics or moving away from "Preventive health checks" to "Personalised health checks", we have always tried to detect the disease or its symptoms early so that they can either be cured through treatment or controlled through medication.

Our focus since inception has been on right diagnosis and accurate treatment planning before getting into the actual treatment itself and we continue to invest in some of the best technologies available on this front across all our hospitals. We continuously aim at improving our standards of clinical care to ensure all our hospitals deliver safe and quality care to patients, irrespective of location and size through The Apollo Standards of Clinical Care (TASCC) which embodies a set of process requirements and outcome measures that underlie the Apollo Hospitals approach to clinical care.

For us, the patient is at the centre of whatever we do or plan for, and patient care is the reason for your company's existence, a very precious resource for the patient.

Our investment in some of the best technologies like the Da-vinci Robot for minimally invasive surgeries, True-beam and Cyber-knife for Cancer treatment or our proposed Proton therapy centre – the first of its kind in this part of the world are targeted towards ensuring that we provide our patients care comparable to the best in the world.

The year saw us scaling our clinical value proposition with the introduction of several new initiatives across specialties. The first ever separation of the Pygopagus twins highlights our clinical focus and our commitment to patient care and excellence. The COE (Centres of Excellence) initiatives has further gained momentum and driven improvements in the case mix across our network. We have successfully conducted over 500 robotic surgeries in fiscal year 2014, further elevating our standards of technology excellence and quality of patient care, while continuing to remain the World No. 1 in solid organ transplants.

We on our part fully realize that apart from our patient care focus, what is priceless to us as an organization, is our medical and professional manpower, all our employees as well as our shareholders' capital which needs to earn a return over a specified time period.
In this regard, I am happy that we have had another good financial year with consolidated annual revenues growing 16 % to ₹ 43.8 billion and consolidated net profits growing to ₹ 3.2 billion. Consolidated EPS for the year stood at 22.77 and I am pleased to announce a 115% dividend of ₹ 5.75 per share for the fiscal year 2014.

The standalone pharmacies have witnessed a 24% growth in revenues, while the EBITDA margins have expanded to 3.3% in FY14. We now have 1,632 stores in total and are the largest organised player in this segment. Our success on this front has come about through a combination of factors including the maturity of the store network, rationalisation of loss making stores and a gradual increase in the proportion of private labels in the product mix.

This certainly could not happen without the contribution of each one of our employees, our engaged workforce, in recognition of which we have been awarded the Gallup Great Places to Work Award (GGWA) for 2014. This award places the Apollo Group amongst the top few organizations globally on workplace engagement – making it one of the best places to work globally. This recognition is awarded to Organizations that have performed exceptionally in engaging their workforce and leveraging that strength to drive business results and sustainable growth.

As I end this note, I would like to reiterate that Apollo will work together with the new Government on these 21st century health challenges to try and create a unified Public Private Partnership framework based on the guiding principles of effectiveness, efficiency and equity.

I wish to conclude by stating that, by getting a health check done, you are taking care of the two most important and scarcest resources in your life, time and health. It is time well spent. Please pass this message on to everyone you touch.

I wish you and your families all the very best of health and thank each and every stakeholder for their continued support, belief and trust.

With warm personal regards and in anticipation of an even better future.

Dr. Prathap C. Reddy
Executive Chairman
Apollo Hospitals Group

The Apollo Ethos

PRICELESS

A combination of underlying factors that will shape our future

Our Core

1. To lead the way in clinical excellence by leveraging technology & innovation
2. To enhance patient experience & value
3. Long term relationship with doctors & medical professionals

Our Focus

1. Focus on high end specialities & procedures
2. Broad based service offerings for end to end care
3. Focus on standardisation of clinical protocols
4. Preventive healthcare

Growth Drivers

1. India accounts for 20% of the world's disease burden
2. Inadequate government spends on healthcare (1.2% of GDP vs. 4.6% globally)
3. Inadequate infrastructure (1.1 beds per '000 people vs. 3 beds world average)
4. Changing disease profile
   - Lifestyle-related chronic diseases
   - Increase in NCDs
   - Cancer
   - Women's health
   - Tier II needs
5. Changing patient demographics
   - Increase in working population
   - Increase in ageing population
   - Rising affluence
   - Increasing penetration of health insurance
   - Increase in elective health care
6. Medical Value Tourism

What sets us apart

1. Indepth understanding of practice & industry
2. Stringent quality control norms & protocols
3. Smart technology adoption
4. Strong execution strategy
5. Ability to attract good doctors
6. Acumen to match care demand & market gaps with creation of assets

Why is our care different?

Patient Compliance	To	Patient Engagement
Reactive		Proactive
Episodic		Relationship based communication
Hospital at the core		Consumer at the core

Performance Highlights
Corporate Review
Statutory Section
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Standalone Financials
Consolidated Financials

The Evolution of Apollo

The Road Travelled

1983-2000

Expansion

1983 Started in Chennai with 150 beds
1988 Apollo Hospitals, Jubilee hills, Hyderabad
1995 Apollo Specialty Hospital, Chennai
1996 Indraprastha Apollo Hospitals, Delhi
1997 Apollo Specialty Hospital, Madurai

Operational Highlights

1988 First pharmacy retail outlet in Chennai
First of its kind CT Scanner- 4th Generation at Apollo Hospitals Hyderabad
First High frequency Cath lab in India at Apollo Hospitals Hyderabad
ICU at Apollo Hospitals Hyderabad equipped with touch screen monitors- first of its kind in Asia
1991 First international patient - from Middle East
1993 24 hours ambulance service with wireless facility launched
1994 Teletherapy Unit and India's first Dose Rate Micro Selectron installed at Apollo Specialty Hospital.
1996 First dedicated linac based stereotactic radio surgery unit - X knife with CLINAC 600 SR, outside of USA
1999 Dedicated stroke unit with 24 hours neurology cover, spiral CT scanner and Intra vascular Neuro lab and Intra Cranial Doppler - first in India
2000 First telemedicine facility in the country inaugurated at Aragonda by Bill Clinton, President of USA

Medical Achievements

1983 First Cardiac Surgery (Atrial septal Defect)
First Apollo Health check
1984 First kidney transplantation at Apollo Chennai
First Coronary Artery Bypass Graft Surgery
1988 Introduced Coronary Artery Stenting for the Ist time in India.
1989 IVF Unit creates medical history with the birth of a baby by 'GIFT' procedure
1990 Revolutionary orthopedic surgery - equalizing of limbs and deformity correction by Ilizarov procedure
1994 Cardiac Surgery Programme completes 10,000 surgeries
1995 First bone marrow transplant
First multi organ transplant in the country at Apollo Hospitals, Chennai
First Stereotactic radiosurgery unit in South Asia
1996 Successfully completed 1,000 renal transplants
1998 First successful pediatric and adult liver transplants in India at Apollo Indrapastha Hospital

FY 2000 — 1,500 beds; 25 stores; Revenues ₹ 2,684 mn.

2001-2005

Expansion

2001 Mysore, Bilaspur
2002 First Med (Chennai), Apollo Gleneagles (Kolkata)
2003 Ahmedabad
2005 First CRADLE launched in Gurgaon
Kakinada

Operational Highlights

2002 Apollo Hospitals introduces nationwide single emergency number - 1066.
2002 The first Apollo Clinic inaugurated in Delhi
2004 Apollo Hospitals Hyderabad- First in the world to use satellite technology for telemedicine
2005 First 16-slice PET CT Imaging System in South East Asia launched at Apollo Hospitals, Hyderabad.
2005 First 64-Slice CT Angio System launched at Apollo Hospitals, Chennai
2005 Apollo Hospitals, New Delhi becomes the first hospital in India to receive accreditation from JCI, USA.
2005 First 3 Tesla MRI in India in New Delhi

Medical Achievements

2001 Apollo Specialty Hospital, Chennai completes 100 Bone Marrow Transplants
2004 First Drug eluting stent used at Apollo Hospitals Hyderabad

FY 2005 — 4,000 beds; 170 stores; Revenues ₹ 6,621 mn.

2006-2010

Expansion

2007 Apollo Bengaluru
2008 Karimnagar
2009 Karur, Apollo Children's Hospital (Chennai)
2010 Secunderabad, Bhubaneswar, Lavasa, Hyderguda

Operational Highlights

2006 Apollo Hospitals, Chennai receives accreditation from JCI, USA
Apollo Hospitals Hyderabad receives accreditation for Acute Stroke from JCI, USA — the first hospital in the world outside the United States to receive Disease Specific Certification
2008 Apollo Hospitals, Bengaluru becomes the 6th Apollo hospital to receive accreditation from JCI, USA
JV for hybrid umbilical cord blood bank along with Cadila Pharmaceuticals and StemCyte Inc.USA
India's first 320 slice CT installed in Chennai
2,000 successful renal transplants completed
2009 Asia Pacific's most advanced CyberKnife launched at Apollo Specialty Cancer Hospital, Chennai
ACE@25, a clinical balanced scorecard with international quality benchmarks launched in all Apollo Hospitals
2010 Novalis TX radiosurgery inaugurated at Indraprastha Apollo Hospitals
M-health services launched
Apollo Quality Program detailing methodologies for Clinical Handovers, International Patient Safety Goals, Surgical Care Improvement and Zero Medication Errors launched across the entire Apollo group.

Medical Achievements

2010 Successful Heart Transplant at Apollo Hospitals, Chennai - for the first time on an American
Auditory brain implant performed independently for the first time in India

FY 2010 — 7,984 beds; 1,049 stores; Revenues ₹ 20,265 mn.

2011-2014

Expansion

2011 Apollo Day Care Surgery launched — a dedicated facility for minor surgeries requiring short stay
Apollo Hospital at Karaikudi, Tamil Nadu.
2013 Hospitals in, Vanagaram (Chennai), Jayanagar (Bengaluru) & Trichy

Operational Highlights

2011 Apollo Institute of Robotic Surgery launched - the first world class robotic centre in Tamil Nadu, in collaboration with the Vattikutti Foundation, USA
First in India to set up PET MRI System with PET mMR, PET - CT mCT 128, RTP and Respiratory 4 D gating and a standing MRI
Apollo Health City - Hyderabad recognised as Best Medical Tourism Facility for 2009-2010 by GOI
2012 First of its Kind-Dental Wellness Centre in India, the White, luxury dental spa launched
Placed order for Proton therapy equipment for Cancer treatment
2013 Successfully completed 1,000 cases of Cyber Knife Radio Surgery
Apollo Health City, Hyderabad performs revolutionary Minimally Invasive Knee Replacement (Resurface) Surgery using OrthoGlide Medial Knee system

Medical Achievements

2011 World's first iPad Navigation Hip resurfacing Surgery performed at Apollo Specialty Hospitals, Chennai in 2011
World's first Single Incision Revision Bariatric Surgery in July 2011
India's first Robotic Bariatric program launched at Apollo Hospitals, Chennai in 2011
First Cadaver Liver Transplant performed at Apollo Hospitals Hyderabad
2012 More than 130,000 cardiac surgeries performed with 99.6% success rate
Apollo performs more than 1,000 transplants in the year making it the busiest Solid Organ Transplant program in the world
Apollo Hospitals Hyderabad performs first coronary angioplasty in India using fully absorbable stent
2013 Chennai surgeons successfully separated Tanzanian Pygopagus conjoined Twins and created history in the medical field – first time in Asia
Apollo performs a double-lung transplantation on a patient suffering from a rare genetic condition known as the Hermansky-Pudlak Syndrome - second in the world
2014 Apollo completed 500 Robotic Surgeries in FY14 using the Da Vinci Si System.

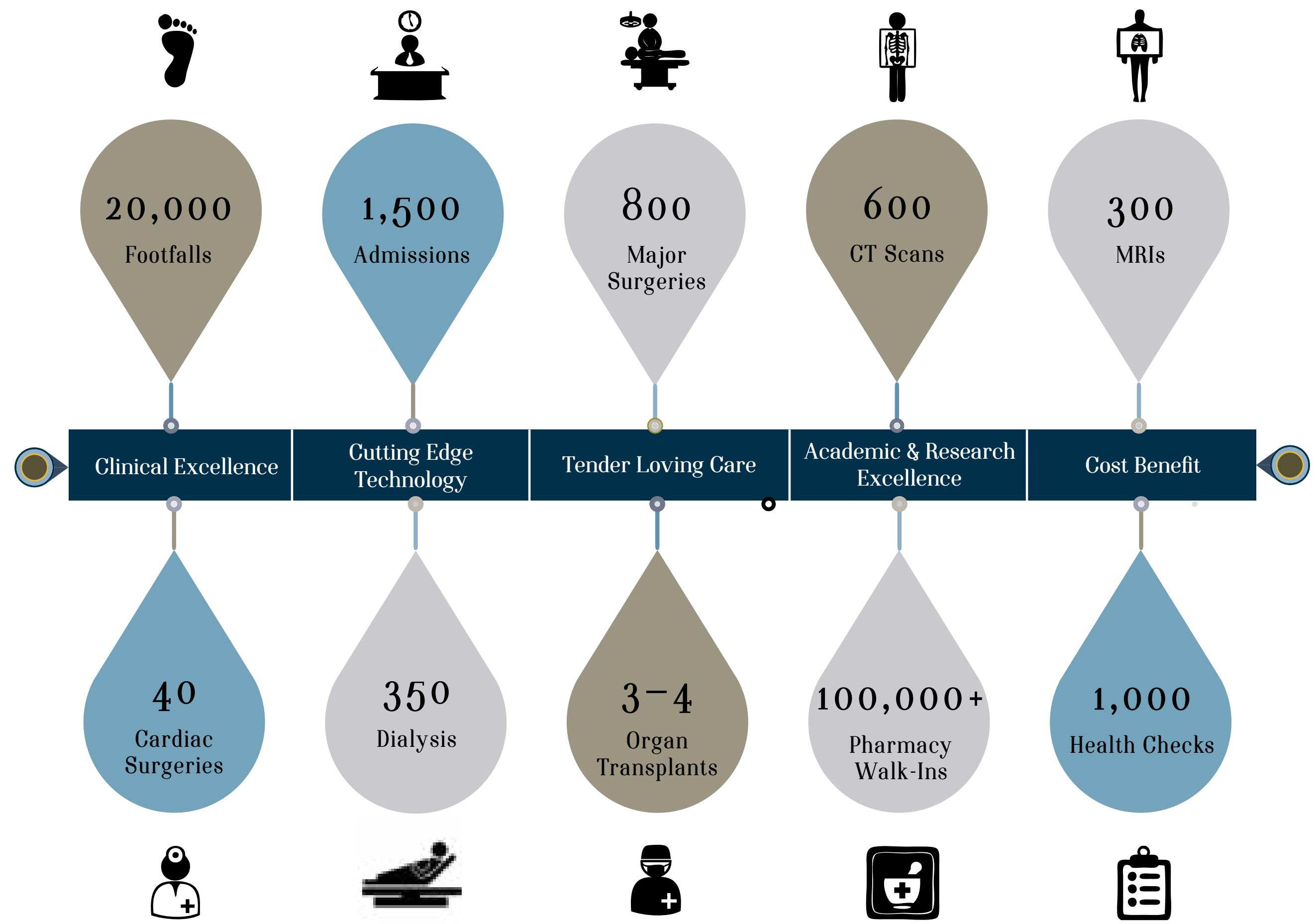
FY 2014 — 8,617 beds; 1,632 stores; Revenues ₹ 43,482 mn.

The Year Gone By
FY14 at Apollo Hospitals*

325,000+ Admissions	3,000,000 Out-Patients	250,000+ Preventive Health Checks
10,000 Heart Surgeries	5,000+ Joint Replacements	13,000 Neuro Surgical Operations
500 Robotic Surgeries	1,000+ Kidney Transplants	375 Liver Transplants
120 Countries Medical Value Travel	150 Bone Marrow Transplants	150,000+ Radiotherapy Sessions 42,000+ Chemotherapy Sittings

*FY14 info for owned hospitals only. Does not include managed hospitals

A Typical Weekday in the World of Apollo $



$ Representative Data

Includes all owned hospitals, managed hospitals, Daycare Centres, CRADLE, Clinics & Pharmacies in the Apollo Network

Performance
Financial Highlights

Consolidated Financial Highlights

Rupees million, except for share data	FY 2014	FY 2013	Growth
Revenue from operations	43,842	37,687	16%
Operating EBITDA (Earnings before interest, Tax & Depreciation)	6,724	6,082	11%
Operating EBIT (Earnings before interest & Tax)	5,046	4,659	8%
Profit Before Tax	4,067	3,991	2%
Profit After Tax	3,168	3,044	4%
Earnings per Share (EPS)-Basic (₹)	22.77	22.08	3%
Earnings per Share (EPS)-Diluted (₹)	22.77	21.88	4%

Consolidated Financial Position

Rupees million	FY 2014	FY 2013
Application of Funds	**45,757**	**41,050**
Fixed Assets	30,227	25,987
Goodwill	1,499	1,453
Non-current Investments	1,661	1,480
Net Current Assets & Long term Advances*#	12,142	11,879
Deferred Tax Asset	228	251
Sources of Funds	**45,757**	**41,050**
Shareholders Funds	29,612	27,313
Capital Reserve on Consolidation	155	155
Minority Interest	188	173
Loan funds and Long term Provisions/Liabilities	12,283	10,863
Deferred Tax Liability	3,519	2,546

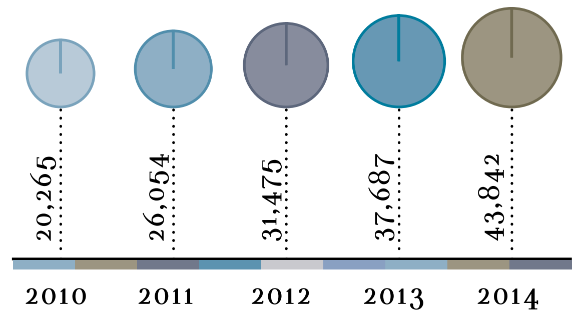
* Includes cash & investment in liquid mutual funds of ₹ 4,151 million in FY14 & ₹ 6,822 million in FY13

\# Previous year numbers have been regrouped & reclassified wherever necessary to conform with current year classification

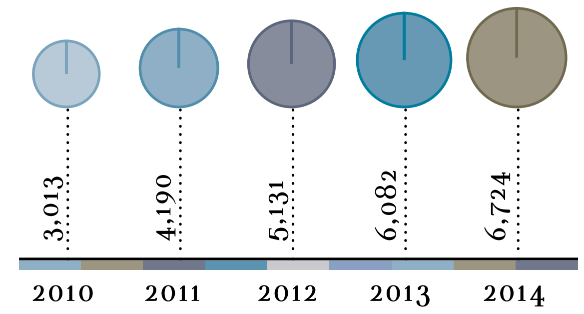
Five years at a glance

All data in Rupees million, except for share data

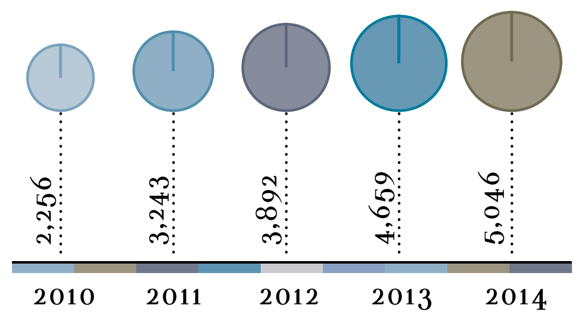
Revenue



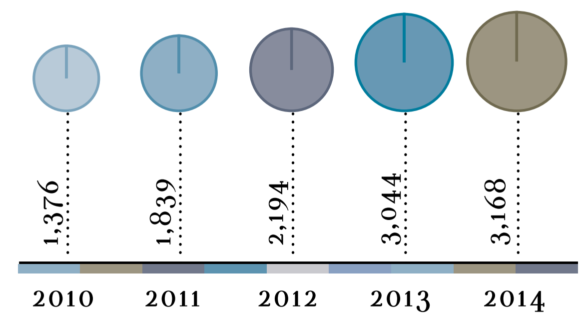
EBITDA



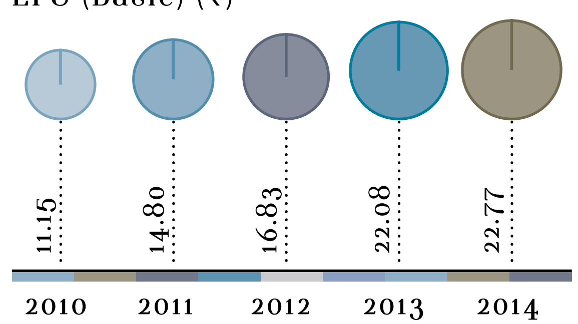
EBIT



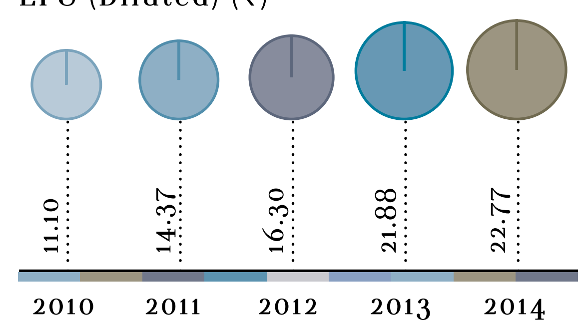
PAT



EPS (Basic) (₹)



EPS (Diluted) (₹)

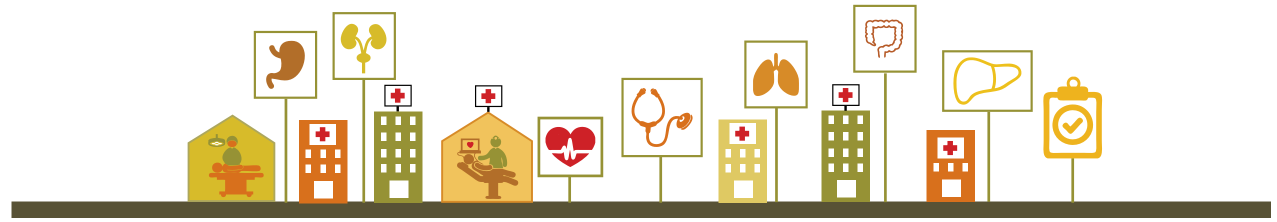


The Apollo Commitment

Apollo's healthcare franchise comprises hospitals, clinics, day-care centres, pharmacies, and insurance. Backed by strong fundamentals and driven by clinical excellence, cutting edge technology and best in class doctors, the group's patient centric approach to delivering healthcare services sets a high standard in the industry.

Apollo has over 8,600 beds and over 1,600 pharmacies across India. Despite this geographic diversity, the vision and the values that drive the organization create a cohesive 'One Apollo' atmosphere at all points of the value chain. Apollo's unique value proposition for the patient stems from the end-to-end care the group enables, the standard operating procedures, protocols and processes, innovative use of technology, and the experienced doctors who collaborate to elicit the best diagnoses and treatment plans. Apollo's personalised patient care through differentiated products and services and the culture of empathy and patient centricity combined with a focus on patient wellness makes the brand trustworthy and affords the hospitals an intrinsic and sustainable strength that few others in the industry can match.

Apollo will increase its broad based service offerings but continue to strengthen its core while emphasising on high end specialities and procedures and relying on innovation to improve clinical practices.



To achieve these objectives we at Apollo rely on the shared values of the group on which we are founded and which we are proud to embrace.

We are **Responsible** for ensuring better outcomes through focus on clinical excellence, superior diagnoses and treatment, use of technology and IT systems, to ensure superior patient experience.

We **Adapt** to changing consumer demands and progressively expand our services repertoire in support of improved quality of life for the patient.

We **Collaborate** within as well as with peers globally to drive thought leadership in health care delivery. We will leverage the deep experience of our doctors to derive the best possible treatment plans for our patients.

We adopt a **Caring** approach towards our patients who remain at the core of our existence and through Tender Loving Care, make a difference to their health and wellness.

We will become **Future Ready** by using technology to build robust health care systems capable of addressing diverse patient needs and changing disease profile.

We make our healthcare delivery **Sustainable** by balancing our long term vision with short term operational focus to create optimal value for our stakeholders.

We want to give distinctive care to every patient who walks into our facility. This commitment that we are making is **Priceless** to that objective.

Responsible
Trusted Custodian of the Community's Health

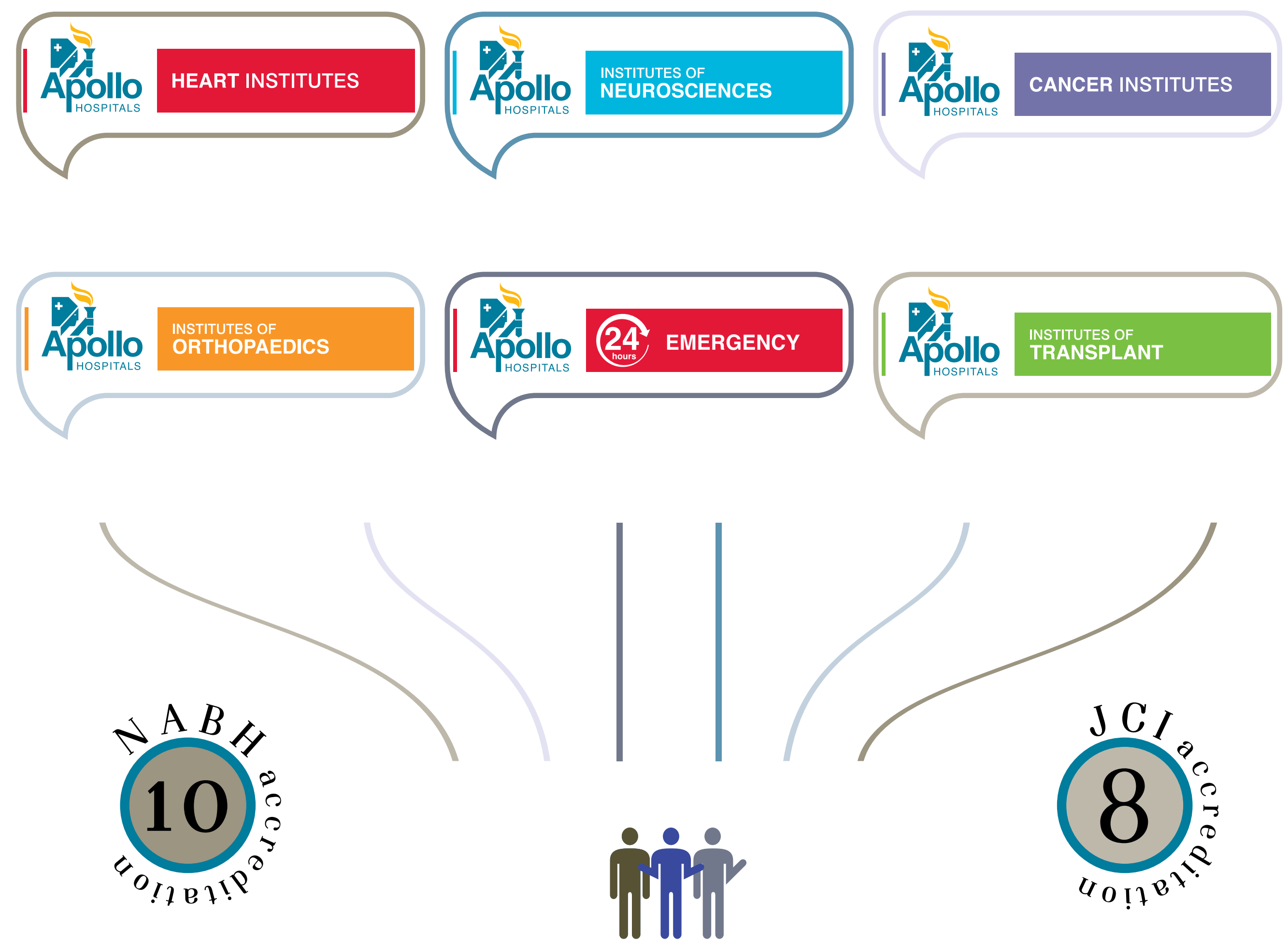
At Apollo we consider it our prime Responsibility to provide high quality clinical care to all our patients. Putting the patient at the core of our operations, we have developed robust quality standards, used expert diagnoses and treatment plans, and enhanced infection and safety protocols to render them the most appropriate treatment.

Through varying geographies and a diverse patient base, Apollo has consistently focused on clinical excellence and innovative technology for superior patient outcomes. These standards, a hallmark of Apollo Hospitals, have attracted medical tourists from over 120 countries to our hospitals. Apollo offers the same standards and quality of care that is available overseas at a much lower cost, making our hospitals the destination of choice for patients from around the world.

Whether it is ensuring the highest quality clinical practices that are benchmarked and rated with the best hospitals in the world, or focussing on service excellence and patient experience, Apollo believes in providing differentiated treatment options and services to all patients. Priceless.

At the forefront of Apollo's Medical Excellence is a team of internationally experienced and renowned doctors and surgeons who bring with them a collective hands-on experience of several hundreds of years. This combined with the group's championship of first-class technology, systems and clinical protocols assures the highest quality of care for all patients at our various centres of excellence.

Apollo's Centres of Excellence



Cardiology

HEART INSTITUTES

The Heart Institutes at Apollo Hospitals, India represents one of the largest groups of Cardiology and Cardio-Thoracic Surgery in the world. The scorecard shows an unmatched record of over 140,000 heart surgeries, which include complicated coronary artery bypass surgery, surgery for all types of valvular heart disease and child heart surgery, with success rates comparable to international standards.

- Pioneered open heart surgeries and cardiac catheterization, in the early 80's.
- Conducted over 140,000 cardiac surgeries - one of only 10 hospitals in the world to achieve these volumes.
- Achieved a 99.6% success rate in cardiac bypass surgeries; over 91% of which were beating heart surgeries.
- Introduced cutting edge procedures like off-pump and beating-heart surgery, either by thoracotomy (minimal invasive access) or classical sternotomy, trans-radial angioplasty and stenting, mitral valve replacement.
- First hospital group to bring the 320 Slice CT- Angio scan system and the 64 Slice CT-Angio scan system to India
- First private healthcare provider to perform a heart transplant in 1995

Orthopaedics

INSTITUTES OF ORTHOPAEDICS

Pioneers of Total Knee Replacement in India

- Were the first to perform Birmingham Hip Resurfacing procedure in India
- The hospital has a 99% success rate for Hip Resurfacing procedure
- Pioneers of Illizarov Procedure for limb lengthening in India
- Revolutionary Ceramic Coated Knee Replacement was performed for the 1st time in South India at Apollo Speciality Hospital, Chennai.
- Resorbable screws were used for the first time in India at Apollo Hospitals Chennai to correct congenital spine problem of a six-year-old child from Tanzania.
- World's 1st iPod Navigation Hip Resurfacing Surgery was successfully performed at Apollo Speciality Hospitals, Chennai.

Neurology

INSTITUTES OF NEUROSCIENCES

The Apollo Institutes of Neurosciences are equipped to treat the entire range of Neurological diseases.

- Transsphenoidal surgery for pituitary tumors, spinal fusions, X-Knife for fractioned treatment of benign and malignant tumours (Stereo Tactic Radiotherapy) and many more cutting edge treatments make Apollo Hospitals a leader in Neurosurgical care
- Ably supported by modern Neuro-Radiology services, Neuro-Intensive Care facilities as well as Medical and Radiation Oncology services, Neurological specialists at Apollo Hospitals achieve outcomes matching those of the leading institutions across the globe

Transplants

INSTITUTES OF TRANSPLANT

The Apollo Transplant Institutes offers one of the world's most comprehensive solid organ transplant programs with a success rate of 90%

- Services include Liver & Kidney Transplants, Corneal Transplants, Heart Transplants, Intestinal & GI Transplants & Pediatric Transplants
- State of the art infrastructure & equipment
- Team of renowned Transplant Surgeons, Nephrologists, Gastroenterologist's, Pediatric Surgeons, Anesthetists, Intensivists & Physicians

Oncology

CANCER INSTITUTES

In 1995, Apollo Hospitals performed its first Bone Marrow Transplantation, as well as the first multi organ transplant in the country. Early in 2001, The Apollo Speciality Hospital, Chennai completed 100 Bone Marrow Transplants.

- Apollo Hospitals was the first Indian hospital group to introduce Stereotactic Radiotherapy and Radiosurgery for cancer treatment.
- Was the first hospital group in South-East Asia to introduce the 16 Slice PET-CT Scan.
- Introduced the most advanced CyberKnife® Robotic Radio Surgery System in the Asia Pacific, region, the world's first and only robotic radiosurgery system designed to treat tumors anywhere in the body with sub-millimeter accuracy.

Apollo's ICU management and critical care, protocols and handover and its Emergency Care are among the best in the country. Whether it is in providing easy access to these services through a hotline or enhancing door to physician time, Apollo places a premium on putting patient needs above all else.

ICU Management

Infection Controls

- Our infection control protocols pertain to a wide spectrum of interventions & have been developed jointly with intensivists & anesthetists
- ICUs – high risk areas for patient where life-threatening mistakes & omissions in care can occur
- Checklist of care should be addressed daily
- Critically ill patients highly vulnerable to health care associated infection, resulting in significant morbidity & prolonged length of hospital stay
- Reponsibility of every member of the health care team to ensure compliance with hospital and unit infection control policies – like hand-washing before & after examining a patient; use of alcohol hand rubs; use of sterile barriers & disposable gloves; safe disposal of all sharps & patient consumables; & traffic control
- Bedside Analysis – checklist use has reduced ALOS & improved infection control indices

Clinical Handovers

- Standardised procedure for clinical handover
  - enhances patient's safety by providing vital information at a glance to the care providers
  - enhances ability of attending staff member to identify potential source of problem
- Transfer of care from physician to physician or nurse to nurse in case of change of location or change of shifts
- Includes accurate information about
  - patient's care
  - treatment and services
  - verbal order
  - test results
  - current condition
  - recent or anticipated changes

Critical Care

CRITICAL CARE

The critical care units at Apollo integrate many specialities and diverse technologies offering hope to patients who are critically and acutely ill.

Methodical organization of critical care services influences outcome measures such as mortality, length of stay and infection rates.

The CCU is a 'semi-closed' unit and high quality care is provided by the Critical Health Care team along with primary consultants.

Special emphasis is placed on
- nurses' training
- standardising care through clinical pathways
- the identification of ethical and economic issues pertaining to critical care

200+
ambulances

<10
mts response time during emergencies

500,000+
calls served in **10** years

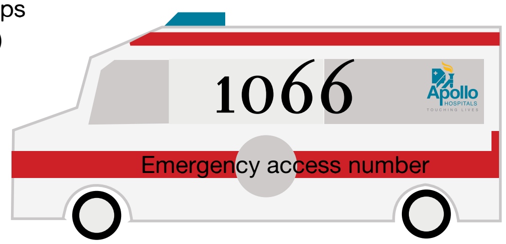
500+
calls per day currently

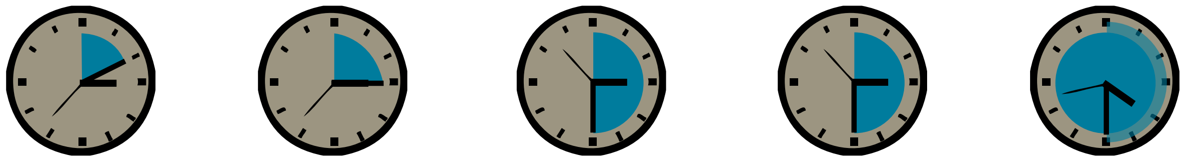
EMERGENCY 24 hours

220
Emergency Beds

950
Total Pickups (Monthly)

120,000*
emergency footfalls (annually)





<10	<15	<30	<30	<90
mts door to physician time	mts door to ECG in acute coronary syndrome	mts door to CT in acute strokes	mts door to needle in STEMI	mts door to balloon in primary PCI

The National Network of Emergency Services
- Emergency care of uniform quality standards across the country
- 24 hour emergency and trauma care to meet all medical and surgical emergencies including poly-trauma
- Common functional and medical protocols across the system

Apollo's pioneering emergency care is a scientifically developed protocol-driven emergency system. It has:
- well-equipped ambulances manned by trained personnel
- air ambulance services for remote areas and life threatening emergencies
- effective communication system between the central control room, the ambulances and emergency facilities in the hospitals

* Data for Delhi, Ahmedabad, Kolkata, Hyderabad, Bengaluru and Chennai

Emergency Care

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

Continuous clinical monitoring & improvement

TASCC (The Apollo Standards of Clinical Care)

TASCC

25 Clinical Quality Parameters

ACE @ 25
Apollo Clinical Excellence score card

RACE
Balanced score card for COEs

Parameters involve complication rates, mortality rates, infection rates & ALOS after major procedures; compared with international benchmarks.

Monitoring Systems

ACPPP
Apollo Clinical Policies, Plans & Procedures

25 policies covering clinical care, nursing care, managerial processes & infrastructural requirements.

AMR
Apollo Mortality Review

Standardised methodology of identifying deaths in a hospital with potential to have resulted from an error through trigger criteria. Systematic peer review through a checklist & categorisation to identify preventable deaths.

AIRS
Apollo Incident Reporting System

Mechanism for tracking incidents that pose a safety risk to patients.

20 Parameter Monitoring Dashboard

AQP
Apollo Quality Programme

Programme for standardisation of processes for clinical handovers, medication safety, surgical safety, patient identification, verbal orders, handwashing compliance & falls prevention.

Leveraging IT for better patient care

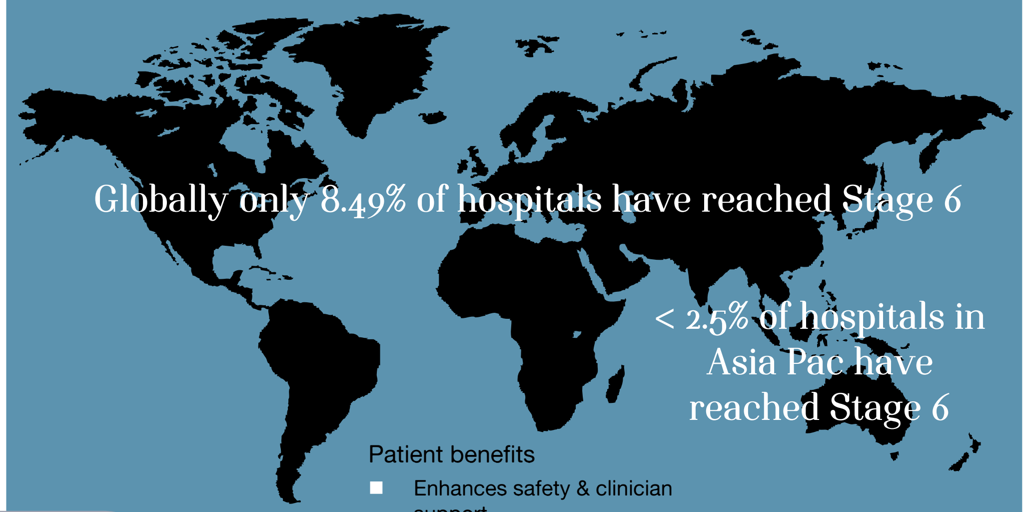
EMR

Unique Hospital Identification Number

- Single health record for lifetime
- Enables doctor access without geographical limitation
- Provides detailed view of patient's medical history
- Supports timely and well-informed diagnosis
- Eliminates need for physical records

HIMMS Analytics Asia-Pacific

Level 6 Certfication



Patient benefits

- Enhances safety & clinician support
- Paperless environment with secure access to personal medical information

Digital Healthcare Award

HIMSS-ELSEVIER

- For leveraging IT towards patient care & safety in creating Patient Engagement Platform - Apollo PRISM
- Makes patient interactions seamless during care delivery
- Enables appointments, access to medical records & remote consultation
- Caters to Continuous Care delivery by interconnecting key stake holders like doctors, staff & labs

AIMA

Runner Up award for **Breakthrough Innovation in Service Delivery** (Patient Satisfaction Tracking System - survey to measure patient satisfaction)

Breakthrough Innovation in Service Delivery

PRISM

Patient Engagement Platform

- Serves 2.5 mn patients around India
- Login access provided during hospital registration
- Health records stored on private cloud
- Records accessible over internet

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

PRICELESS

Adaptable

Transforming Healthcare Service Delivery

Apollo believes in being adaptable to shifting consumer demands and patient demographics to best serve the interests of the community. As India's middle class burgeons, as consumption patterns change and non-communicable diseases related to sugar, cancer and the heart abound, as the customer becomes increasingly informed and discerning, innovation within the realm of healthcare becomes Priceless.

Faced with a huge disease burden and a billion plus people from varying socio-economic backgrounds, India's healthcare delivery challenges are admittedly complex but remain naturally hospitable to creative solutions that can address scale, reach and affordability.

Apollo is in the frontline driving that transformation. We seek to ensure quality of life for patients through faster recovery and minimal discomfort. Robotic and minimally invasive surgeries are treatment options that Apollo systematically pursues. With access to skills that can utilize social, mobile, analytical and cloud technologies to advantage, Apollo's innovative solutions in healthcare delivery will help transform the country's healthcare eco-system towards assured equity without disparity. Priceless.

Giving hope at the world's busiest transplant centre

1st

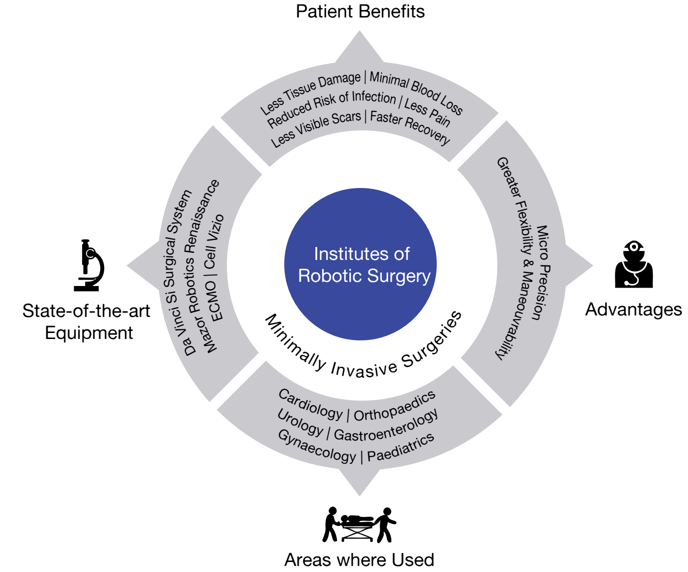
1995 Private hospital to conduct a Heart Transplant in India	1998 Successful liver transplant in India	1998 Simultaneous Kidney-Pancreas transplant in South India
1998 Successful adult cadaveric transplant	1999 Successful pediatric living related liver transplant	1999 Successful liver-kidney transplant
2008 Youngest pediatric liver transplant in India	2009 Successful liver transplant for Hepatitis B without immuno-globulins	2009 Case of Hermansky-Pudlak Syndrome in India treated with double lung transplant

The Apollo Institutes of Transplant form one of the world's largest and most comprehensive solid organ transplant programs. It uses the best minds and cutting edge technology to deliver optimum solutions through transplants.

1,400+
Solid organ transplants in 2013

Institutes of Robotic surgery

Performed Asia's heaviest (348 kg, BMI-112.5) bariatric surgery



Renaissance™ Robotic Surgical System

- Robot guided system specifically designed for spine surgery
- First hospital to offer in Asia Pacific
- High accuracy and less radiation

175+ surgeries since launch

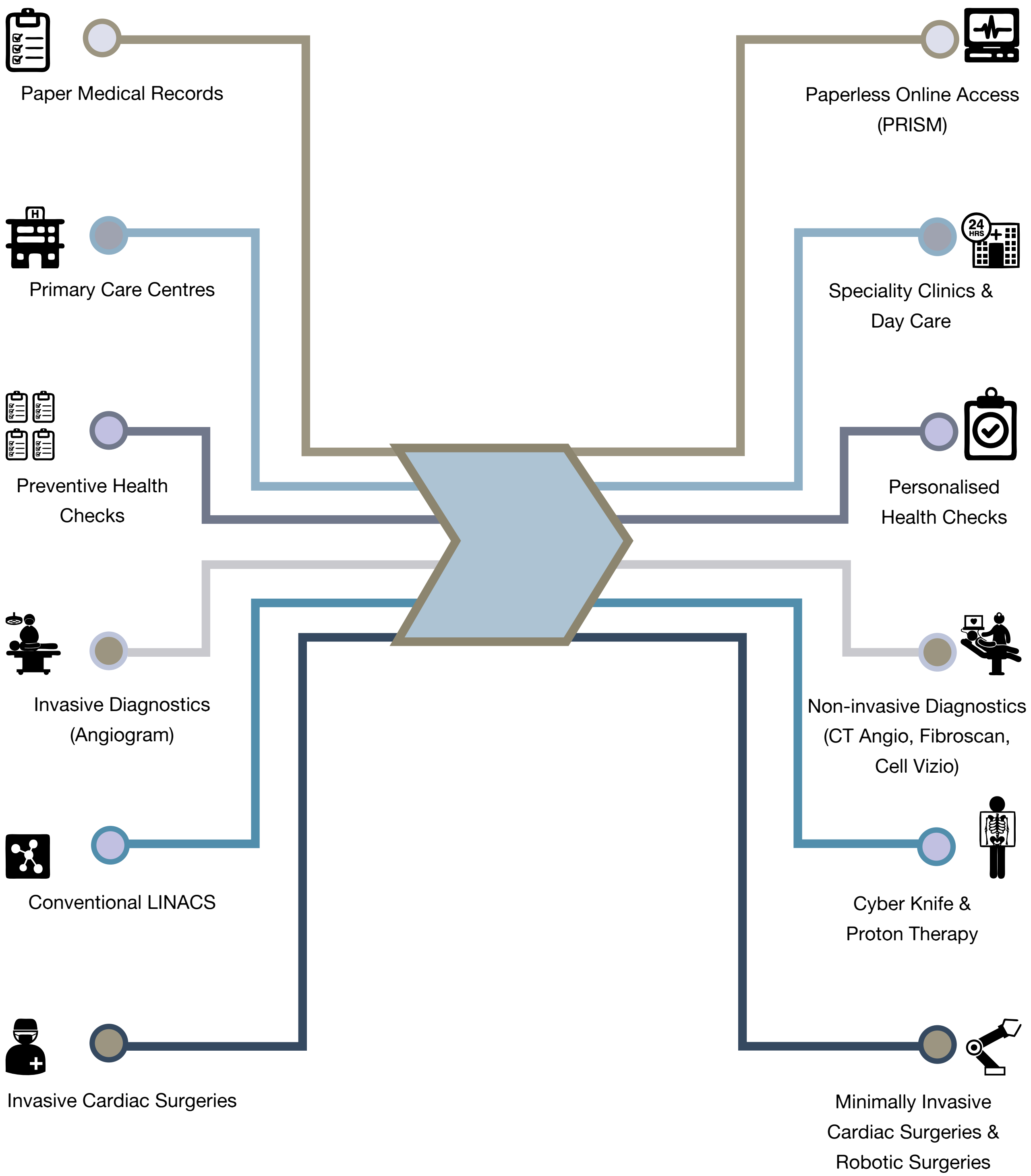
ECMO

Extra-Corporeal Membrane Oxygenation system

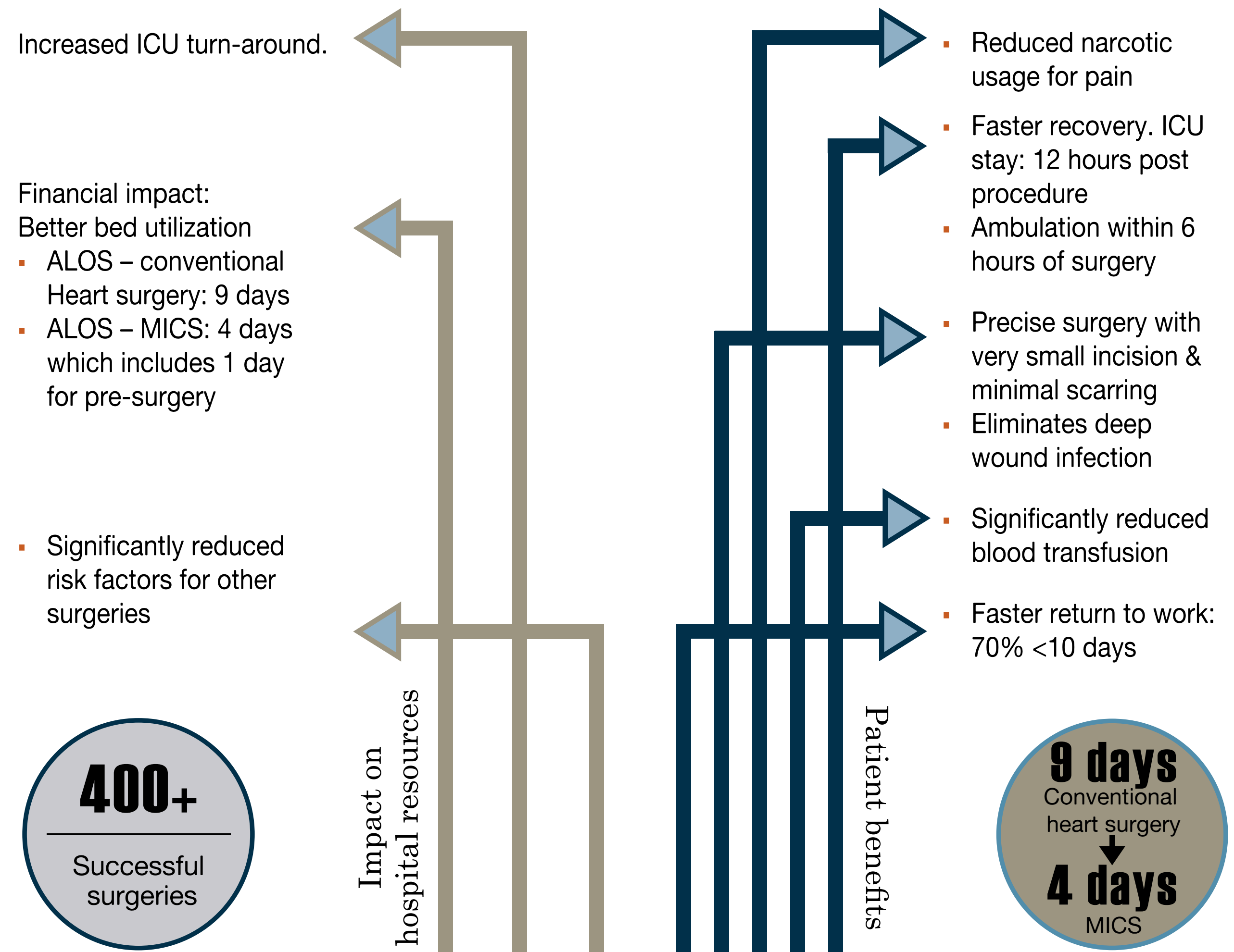
- Life saving advanced intensive care technology
- Used in adults and children
- Used when the lungs or heart are not working properly
- Key to success is timely intervention of multiple organ failure

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials
Contents

Evolving healthcare through progressive thinking



Minimally Invasive Coronary Artery Surgery (MICS)



Coronary artery bypass surgery or CABG as it is commonly referred to is often a life saving procedure where blood supply to the heart is restored when vessels supplying the heart are blocked. The procedure has a recovery period that can extend to as long as 3 months disrupting normal life and work. Traditionally the procedure is done by cutting the breast bone or sternum open for easy access and this takes as long as 3 months to unite.

MICS involves no cutting. The heart is approached through a small 2" opening in the rib space on the left side. This leaves no deep scarring. 70% of patients needing CABG can now be adapted to MICS, creating a good outcome for the common man.

PRICELESS

Caring

Compassionate Service Delivery

Service Excellence is a mintmark of Apollo. The Tender Loving Care of the nursing staff combined with empathy and a kind approach make a world of difference to patients giving them the confidence and emotional strength to get better faster.

This quality of patient care is possible in Apollo Hospitals because of an engaged workforce that takes pride in its day-to-day responsibilities. They are able to alleviate feelings of stress and fear in patients while instilling in them a positive approach towards treatment. Through small acts of kindness, they create a superior patient experience that few others are able to match.

The ‘Great Places to Work For’ award that Apollo recently won in an employee engagement survey conducted by Gallup, places Apollo Hospitals as amongst the top organizations to work for worldwide. The award is given to organizations that have performed exceptionally well in engaging their workforce and are able to leverage that engagement to drive business outcomes towards sustainable growth. Priceless.

TLC

Guest Relations

- Apollo has adopted the engagement pathway for Voice of Customer (VOC)
- Partnered with Gallup to benchmark e-customer feedback with best in class hospitals globally
- In-house framework captures VOC from interactions and converts them into qualitative and quantitative feedback for quick follow-up action
- Awarded “Best Innovation in Service Delivery” in 2013 by AIMA & Hospital Management Awards

Human Sigma

- 1st in India to adopt Human Sigma by mapping customer and employee engagement to the Gallup “S” methodology
- Ranked this year among top 37 companies that partner with Gallup
- This recognises exceptional leadership that understands that engaging employees drives real business outcomes
- Apollo now among globally recognised organisations for mastering how to engage workforce to deliver sustainable growth

Tender Loving Care

- Core training module for all nurses
- Inspires the conversion of daily interactions into memorable experiences, resulting in enhanced courtesy index for nursing
- Tender Loving Care (TLC) - training for frontline staff
- TLC acknowledged as “Best Training Initiatives in Healthcare” at “Asian Learning & Development Leadership Awards” in Dubai in 2013

Admissions

- Minimises waiting time for planned admissions
- Dedicated rooming experience that orients patients and attendees to various hospital services

Discharge

- Post-discharge calls to patients for suggestions and feedback 72 hours after discharge
- Speedy discharge summary for planned discharges

Service Excellence

A case study

Feeling for the Patient

When a woman was admitted to CCU and put on a ventilator, she was very distraught. The nursing staff found out that her son’s wedding was scheduled just a few days later and she was upset she would miss it. The staff knew this was really a once in a lifetime event. The ER and CCU team took the initiative to personally transport the patient to the wedding venue, creating an unforgettable experience for all concerned and much happiness for the patient. Priceless.

Collaborative

Working Together to Enhance Solutions

Apollo cherishes collaboration in all spheres of its operations. Whether in clinical practices, innovation, partnerships, research or knowledge building, it harnesses the best available skills, knowledge and experience to enhance solutions for the patient.

The group's collaborative approach to consultative learning and sharing of best practice through networks like the ACE Forum and the Tumor Board, ensures efficacy in diagnoses and treatment plans. Home to some of the best minds in medicine who are endowed with superior skills for treating patients, Apollo has several firsts to its credit spanning all its centres of excellence. Complex surgeries requiring multi-disciplinary teams of doctors and other professionals are an every day occurence within the walls of our Hospitals.

As a trusted healthcare provider, Apollo believes in health care equity for all and often convenes forums with renowned international and regional professionals and healthcare practitioners to discuss advancements in healthcare delivery, infection controls and patient safety. **Priceless.**

Awarded recognition for the founding of the Healthcare Alliance by Dr. Prathap C Reddy to draw up strategies and recommendation for addressing challenges in healthcare in India and the rest of the world.

The Apollo Clinical Excellence Forum

- Set up in 2008
- Furthers group's commitment to clinical excellence
- Designed for consultants in the group & hosted on website
- Offers platform for
  - discussion of medical innovations
  - sharing clinical best practices
  - offering research ideas
  - gathering second opinion
  - posting information on papers published; accolades & awards won
  - disseminating information on upcoming events

Tumour Board

- Team of eminent radiation, medical & surgical oncologists
- Periodic meetings & discussions
- Collective concurrence on accurate diagnosis
- Uses learning & experience to evolve best treatment plan
- Framework for learning & sharing best practices
- Calculated efforts for setting up clinical excellence protocols
- Enviable track record for matching global outcomes
- Offers unparalleled learning & upgradation of knowledge for oncology team

Group Practice

- Aims to organize full time consultants in different departments into group practice
- Creates opportunity for second opinion and mutual consultation as a group
- Utilizes collective skills and experience to handle difficult and complex cases
- Collective practice enhances patient confidence
- Improved scheduling for patients through call and vacation coverage
- Provides time for conferences and skill updation, academic activity & research
- Allows consultants to enhance their geographical reach by travelling to other locations

Peer review

Each speciality has performance measurement indicators that are measured individually for each consultant. A comparative analysis is then done with international benchmarks, the departmental average and individual performance. These are discussed during the departmental review along with peers to improve systems and practices and also used for individual consultant appraisal.
Peer reviews also forms part of mortality reviews to identify the root-cause analysis of any death. Two peers from the same specialty independently conduct the reviews to indentify:

- Clincial practice deficiency, if any
- Delay in recognition of clinical deterioration
- Escalation & response
- Hospital acquired infection
- Post procedure complication
- Medical or communication errors

The results are used to further our care protocols within the unit and aids in standardisation of treatment and clinical decisions.

A case study

India reports first ever surgical separation of Pygopagus twins

In what is considered the first ever reported surgical separation of Pygopagus twins in India, a team of senior surgeons from across specialities undertook the very complex, lengthy and critical surgery in Chennai on December 16, 2013 on twin boys from Tanzania.

The defining moment in the lives of the nine month old boys who had been joined at the tail end of their spines at birth and shared a single anus and rectum, was when they were separated as two individuals. The historical marathon surgery which included re-constructive work, took 18 hours and involved a chosen team of 20 highly skilled doctors from the specialties of neurosurgery, plastic surgery, paediatric surgery and paediatric urology. Brilliant collaboration by doctors, surgeons, nurses, technicians, and others, underlies this mammoth effort that gifted two people a chance at life. Priceless.

A case study

Liver transplant on a five month old

When a three month old in Oman developed jaundice and became progressively sick, doctors in the country recommended a liver transplant to save his life. As this facility was not available in Oman, the family travelled to Apollo Chennai for treatment. After weeks of collaborative care in the hospital, the baby's condition was declared stable for the transplant. He was now 5 months old and barely weighed 5kg. The father donated the left lateral segment and the baby underwent a successful liver transplant. Post-operative recovery was rocky but he pulled through. The baby returned to Oman 2 months later. He is presently 3 years old, a bouncing young boy with a new lease on life. Priceless.

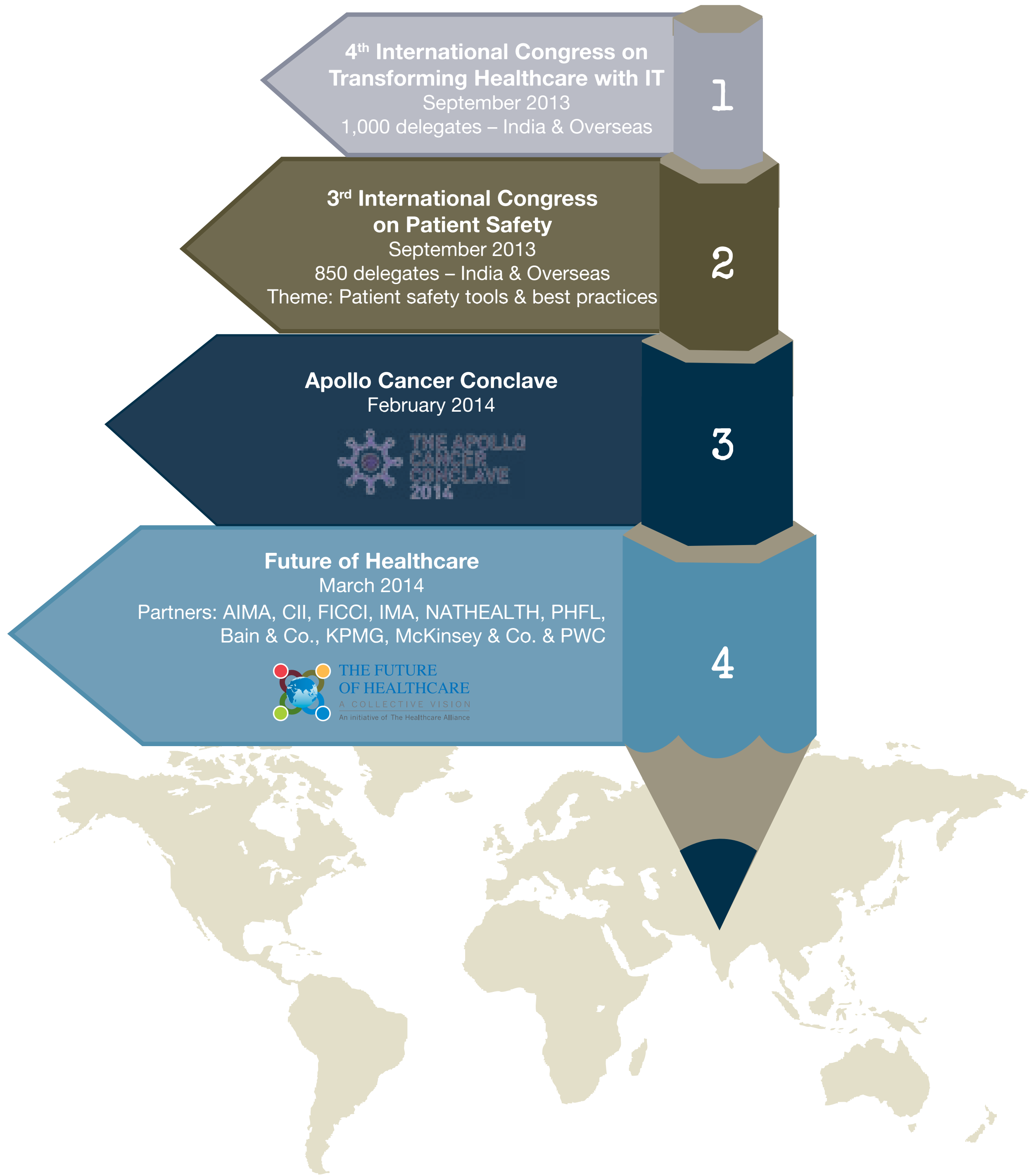
A case study

Advanced therapy for cancer

Cancer that has spread to the lining surfaces of the peritoneal (abdominal) cavity is very difficult to treat as chemotherapy is not very effective and side effects difficult to endure. HIPEC, a type of chemotherapy used in combination with surgery, where warmed anti-cancer drugs are infused and circulated in the abdominal cavity for a short period of time is an option in these cases. Apollo Hospitals is one of the few centres worldwide where the HIPEC technology is being used.

When a 44 year old lady was admitted with vague abdominal pain, she was diagnosed with Advanced Ovarian cancer. After a few sessions of preoperative chemotherapy, she underwent removal of the uterus, ovaries, oviducts, cervix and related lymph nodes. Abdominal cyto reductive surgery was also performed after which she underwent HIPEC therapy. The procedure took approximately 7 hours. The patient had no intraoperative complications and had a smooth recovery. Drains and the Ryle's tube were removed on day 2; oral sips started on day 3, full liquid diet from day 5 and solids from day 6 onwards. She was discharged on the 10th day and fared well during follow-up visits to the hospital. Priceless.

Driving solutions through knowledge building partnerships



PRICELESS

Future Ready

Preparing to Meet Market Demands

India is being increasingly burdened with escalating healthcare requirements and is now the heart, cancer and diabetes capital of the world. In the face of this onslaught, private players and the government have to partner to bring uncompromised quality healthcare to the country's masses.

Developing infrastructure, establishing inclusive business models with appropriate pricing to address demand, and tackling scale, are key areas that need attention. Apollo is ahead of the times in addressing these through innovative technology driven solutions. In an environment where it takes just one mistake to cause a negative outcome and one minute to make the difference between life and death, Apollo has successfully leveraged information technology to create robust and patient centric healthcare systems that can improve response times, reduce human error, save costs, and impact quality of life. We benchmark our performance and practices with the world's best hospitals and lay on-going emphasis on continuous improvement.

Alongside we also believe it is our responsibility to educate people about healthy living, wellness and lifestyle management. Priceless.

Care Continuum

Apollo offers home healthcare services for people with a serious illness or disability. The initiative provides:

- Trained, screened & credentialed healthcare professionals
- 24/7 live operator phone access
- Transportation services from doctor's office/hospital
- High focus on patient safety, infection control & comfort

Main Benefits

- Minimises need for hospitalisation & enables faster discharge
- In-home consultation
- Faster physical control & recovery

Geriatric Care

- Dedicated to the well-being and health of elderly people
- Holistic approach that employs best ways to maintain or improve functional ability, physical health, cognition and mental health
- Services include:
  - Outpatient and inpatient care
  - Emergency care
  - Home healthcare

Tele Radiology

The state of the art Tele-Radiology centre inaugurated in 2013 serves to extend reach and radiology services beyond the boundaries of a single hospital. It is envisioned that the centre will soon cater to requirements across international borders as well.

E–ICU

This multitasking portal and workstation leverages technology to enhance reach for treating patients in a remote ICU from an Apollo Hospitals E-ICU hub. Using it, doctors can get a summary of the patient's vital signs and lab results. Through the InteleEYE, a remote intensivist can monitor and interact with patients in several ICUs and hold discussions with the care teams. The Remote Wave Form Viewer provides intensivists access to the ICU's patient monitor waveforms and events, enabling them to treat patients regardless of physical location. Audiovisual systems provide a bedside view of the patient. All clinical applications and algorithms in the Tele ICU are FDA compliant.

Mobile Health

With the explosion in mobile phone usage in India, the emerging mobile health industry is expected to become a 1 billion dollar opportunity by 2020. Apollo is already a step ahead and has made PRISM and E–doc (an application that allows a patient to electronically book an appointment with a doctor), mobile-ready. Radiology and CT scan reports will be also made accessible on a mobile phone. This Mobile Health system will improve information flow and patient-doctor connectivity. Apollo is continuously working on this front to widen & deepen its medical offerings using Mobile Health.

Personalised Healthcare

- Comprehensive Health Screening programme
- Tailor made packages to cater to rich assortment of individuals
- Convenience of all tests, specialists, consultations and treatment under one roof
- Reports and reviews within 24 to 36 hours
- Early indicator of disease risk
- Comprehensive wellness programme for health goals. Includes appropriate medical intervention for preventive controls

Bio-Banking is a very important aspect of Life Sciences. Apollo's ethical bio-repository will provide a catalogued library of bio-samples which can be leveraged to create an information repository comprising of RNA, DNA & genetic information.

Clinical Services
- Treatment Optimization
- Molecular Diagnostics
- Clinical Support Services
- Stratification of clinical trial populations
- Research Support & Bio-repository Services

Drug Discovery & Services
- Create custom cell lines & tumour microarrays
- Target & Biomarker Services
- Discovery & validation using primary human cells
- Genomics & proteomics services
- Drug Discovery related services
- Idea-to-IND phase collaborative drug discovery programmes
- Human Cell based Phenotype screening services

Bio-Banking

Continuing its legacy of pioneering healthcare changes in India, Apollo through Sapien BioSciences (An Apollo subsidiary) is now set to introduce clinical genomic tests. The first of these, will be a clinical genomics panel for oncology that is designed to identify the mutations that drive cancer initiation and progression. Insights obtained from this test will reportedly enable prediction of patients' response to their medication allowing the physician to tailor treatment to the patients' genomic profile.

Genomics (Oncology)

Cardiac and Neuro Rehab

Apollo provides specialised post-acute neurological, cardiac & orthopaedic rehabilitation services with an aim to improve a person's overall quality of life – physically, emotionally, & socially after heart disease or physical injury. It addresses the prevention & correction of secondary effects of physical injury, cardiac & neurological illness.

Cardiac–rehab

- The Life Centre identifies individual's exercise capacity, lifestyle, dietary habits, & stress levels
- Aims to correct lifestyle and chronic risk factors
- Provides holistic recovery and restoration solution - customises training programme to improve cardio-respiratory fitness
- Prepares personalised diet plan & educates person about lifestyle changes
- Provides specialised therapeutic yoga sessions
- Conducts stress management & group counselling sessions

The Neuro Rehab Programme

- Improves function, reduces symptoms & enhances the well-being of the patient.

- It is designed for people with diseases, trauma, or disorders of the nervous system & will benefit movement disorders caused by:
  - stroke
  - spinal cord injury
  - traumatic brain injury
  - multiple sclerosis
  - small children with cerebral palsy.

- It offers physical therapy using robotic & virtual reality equipment & also provides nutritional & psychiatric support.

- It aims to help patient return to the highest level of function and independence possible through alternate techniques & skills to compensate for paralysis or weakness.

- Doctor-supervised with a multi-disciplinary team of trained physiotherapists, occupational therapists, speech therapists, psychiatrists & other specialists & counsellors.

Neuro–rehab

Sustainable

Anchored for the Future

PRICELESS

Apollo's mission of delivering healthcare of international standards along with its commitment to excellence, forms the essence of its strategy. Apollo Hospitals aspires to be a transformational healthcare provider capable of addressing the scale and complexity of India's disease burden. In single-minded pursuit of this goal, we manage the healthcare delivery value chain through systemic innovation and continuous improvement in product, process and technology.

While the opportunity space that we work in is large, our strategy is centred on strengthening our presence in key strategic markets with the right balance of risk-reward. A compelling business-case is a prerequisite for any investment decision taken by us on expansion. Our business strategy ensures focus on what is best for the patient while complementing the need to generate strong financial returns for the shareholder. This forms the core of Apollo's sustainable strategy.

Apollo's "reputational currency" and the trust and loyalty of our customer are very important to us and remain on top of whatever healthcare initiative or business-line we embark on. We have expanded our footprint into Tier 2 cities and have creatively leveraged technology and information systems to provide patients' access to our world-class doctors regardless of physical location. Apollo offers the highest standards of quality with zero compromise on patient safety. Our robust infection control norms and protocols as well as our policy to use the best consumables are based on sustaining our group's long term competitive position in the industry.

While we have consistently delivered superior returns to all investors and stakeholders, we believe that we have a well planned strategy to deliver the next phase of growth. Our aim is to:

- continue **cluster strategy for expansion** with greenfield projects in attractive newer markets
- garner **higher market share** in select acute and tertiary care services
- focus on **Centres of Excellence** with specific plan to further penetrate into Cardiology and Oncology specialties
- enhance Out-Patient focus by **creating value differentiators** and leveraging on personalised health checks advantage
- **optimise asset utilisation** and focus on cost efficiencies in flagship facilities and locations
- **strengthen core value proposition** by well defined clinical pathways and protocols
- set **benchmark standards in clinical outcomes, technology and practices**
- **leverage brand value and enhance customer reach** through investment in primary clinics, sugar clinics, dialysis centres and dental care as separate focus verticals

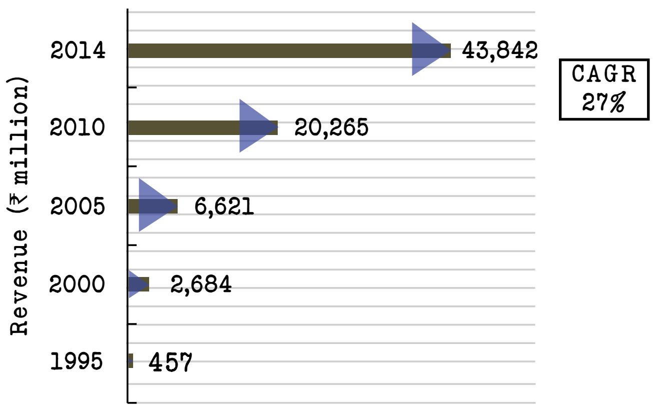
Priceless.

Sustainability requires the right balance between long-term and short-term goals and while we continue to invest for the long-term, the operating teams focus on short-term goals.

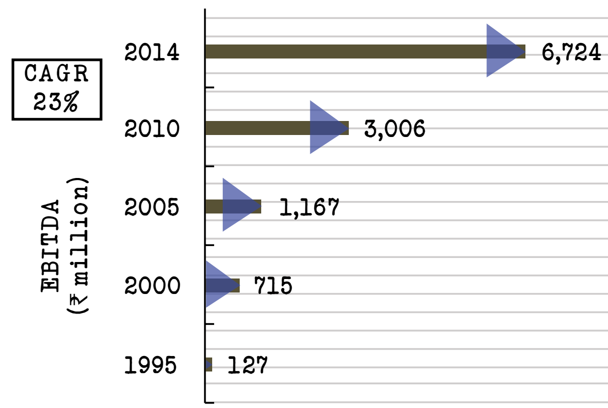
Long-term Sustainability Parameters

(15 year time period)

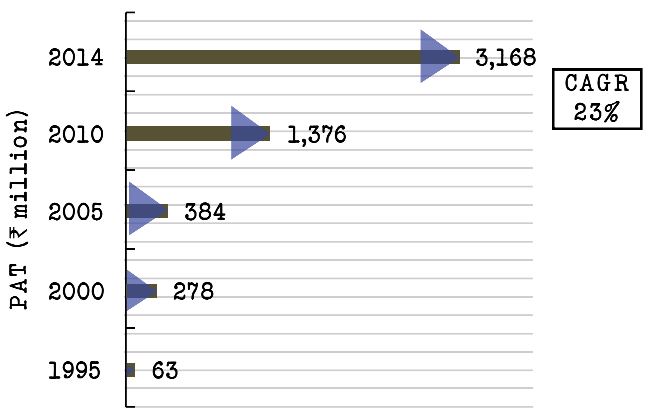
Strong Revenue Growth



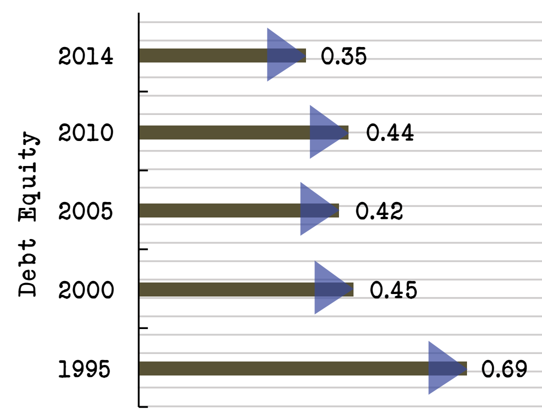
Consistent EBITDA



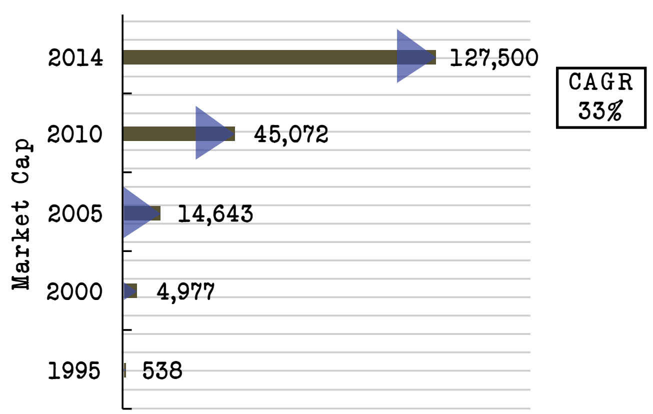
Sustained Profitability



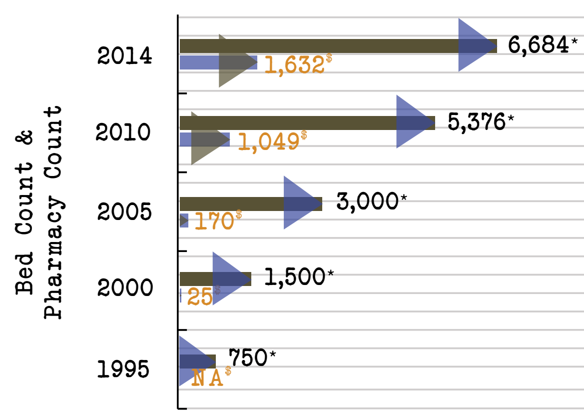
Low Gearing



Superior Shareholder Returns



Steady Hospital & Pharmacy Expansion



* Beds includes both owned & managed hospitals

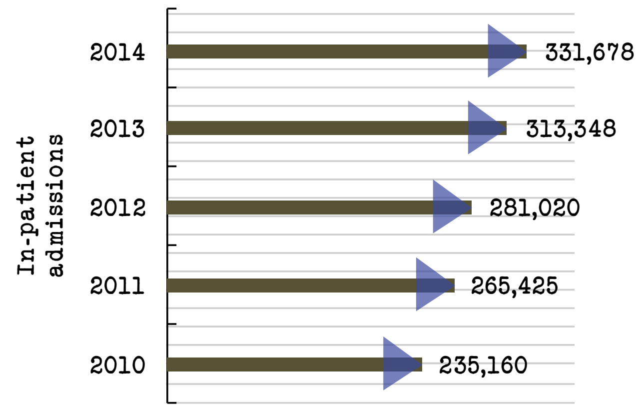
$ Number of Stand-Alone Pharmacies

Our cluster based operational focus and growth strategy helps us drive operating efficiencies and profitability while providing patients with a comprehensive set of sub-specialities & treatment services.

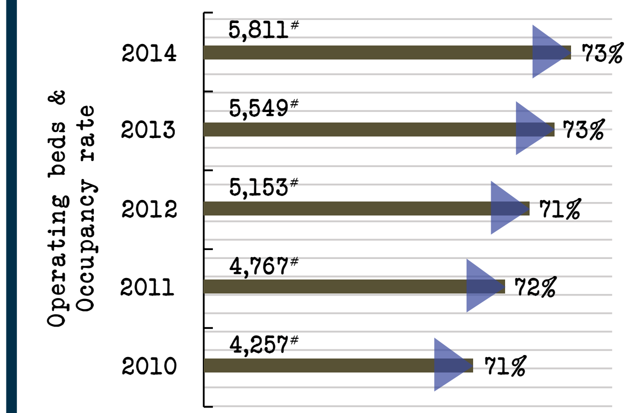
Short-term Operating Parameters

(5 year time period)

Steady Volume Growth

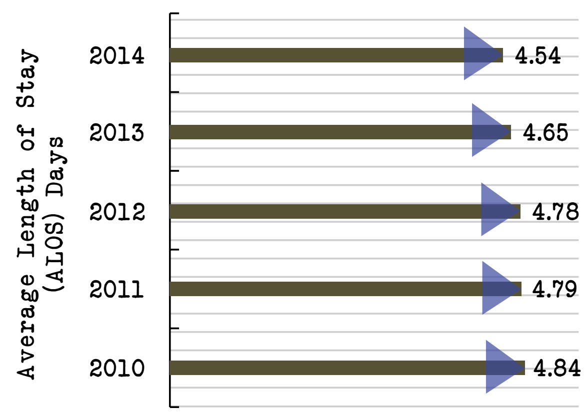


Consistent Bed Utilisation

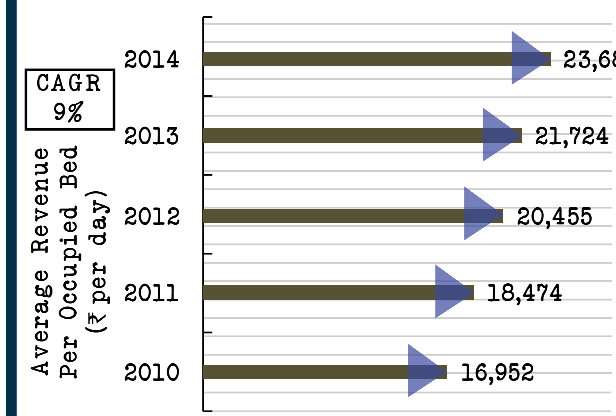


Operating Beds

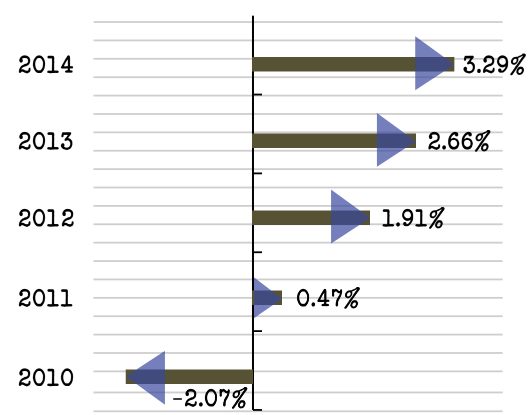
Faster Patient Turnaround & Better Utilization



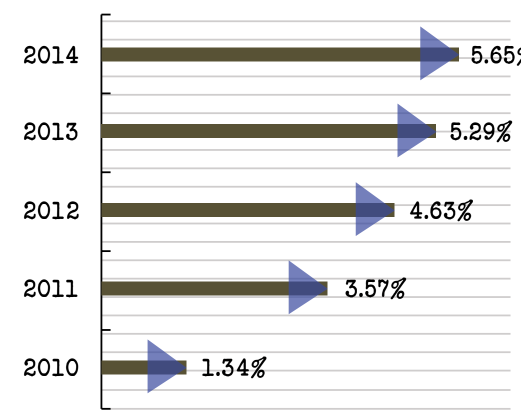
Increased Realisation Per Bed



SAP EBITDA Margins



Mature Stores (Pre FY08) EBITDA Margins



Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials
Contents

Socially Conscious
Touching the Community

In an on-going effort to raise awareness about the value of health and wellness amongst India's diverse population, and in enabling healthcare equity across the various socio-economic groups in the country, Apollo Hospitals runs awareness campaigns, facilitates surgeries and treatments, and conducts health camps in both urban and rural areas on a regular basis. The following activities* provide a birds eye view of this large scale effort. Priceless.

Take the Pledge

BILLION HEARTS BEATING

Billion Hearts Beating (BHB)

70
CAMPAIGN EVENTS TILL DATE

350,000
PEOPLE HAVE TAKEN PLEDGE ON BHB'S WEBSITE

100,000
BENEFICIARIES OF FREE APOLLO HEALTHCHECKS

400,000
FAN FOLLOWING ON FACEBOOK SUPPORTED BY NCC, AISEC & THE WORLD HEART FEDERATION (GENEVA)

- Launched April 2010
- Aims to inform, educate & trigger positive action towards heart disease
- Addresses different socio-economic sections across the country
- The **Simple 5 Solution** – BHB's comprehensive lifestyle guide: get active; eat healthy; quit smoking; beat stress; get a regular health check

SAHI
Let all hear...

SAHI - A Society to Aid the Hearing Impaired

9
CAMPS IN FY14

1,300
PATIENTS SCREENED

35
COCHLEAR IMPLANT SURGERIES FUNDED

42
MICRO-EAR SURGERIES PERFORMED

- Identifies hearing impaired children, mainly in rural areas, with little or no access to modern medical treatment
- Provides high quality medical and surgical services

* Data for Chennai, Hyderabad, Delhi, Kolkata and Bengaluru.

SACHi

SACHi - Saving a Child's Heart initiative

50,000
LIVES TOUCHED TILL DATE

32
SCREENING CAMPS IN 2014

300+
CHILDREN SCREENED

375+
SURGERIES PERFORMED

380
COPIES OF 'THE HEALER' SOLD FOR FUND-RAISING

22
CMEs COVERING 3,000 BENEFICIARIES

- Established in 2003
- Dedicated to paediatric cardiac care and child heart surgery for the underprivileged
- Provides early diagnosis, treatment, surgery, post-operative care and financial support

CURE foundation

CURE - An Apollo Hospitals Cancer Care Initiative

- The CURE foundation – an effort to bring cancer care to those who cannot afford it
- Extends preventive as well as rehabilitative cancer treatment to the economically backward
- Objectives
  - Promoting prevention & early detection
  - Spreading knowledge
  - Providing treatment options
  - Rendering rehabilitation & care

Health Camps & Awareness Programmes (FY14)

- Over 400 health camps; 100,000 beneficiaries
- 300 speciality clinics, camps & screening programmes
- 300+ Health Talks and CMEs; 28,000+ attendees
- 26 Rural Health E-Wellness Sessions; 5,500 attendees from 16 villages
- Round the year blood donation drives, doctor meets, vocational training for women, & 'Green Events' to create social awareness

The Board

Dr. Prathap C Reddy
Founder and Executive Chairman

Smt. Preetha Reddy
Executive Vice Chairperson*

Smt. Suneeta Reddy
Managing Director*

Smt. Shobana Kamineni
Executive Vice Chairperson*

Smt. Sangita Reddy
Joint Managing Director*

Shri. Deepak Vaidya
Director

Shri. Habibullah Badsha
Director

Shri. Khairil Anuar Abdullah
Director

Shri. Rafeeque Ahamed
Director

Shri. Raj Kumar Menon
Director

Shri. Sanjay Nayar
Director

Shri. N Vaghul
Director

Shri. G. Venkatraman
Director

Shri. Vinayak Chaterjee
Director*

* With effect from 2nd July 2014

Corporate Information

Senior Management Team

Shri. K. Padmanabhan
Group President

Shri. S.K. Venkataraman
Chief Strategy Officer

Shri. Krishnan Akhileswaran
Chief Financial Officer

Shri. S.M. Krishnan
Sr. General Manager – Finance & Company Secretary

Auditors

M/s. S. Viswanathan
Chartered Accountants
Chennai - 600 004.

Bankers

Andhra Bank
Axis Bank
Bank of Tokyo
Canara Bank
Citi Bank
HDFC Bank
HSBC
ICICI Bank
IDBI Bank
Indian Bank
Indian Overseas Bank
Oriental Bank of Commerce
State Bank of Travancore

Registered Office

19, Bishop Gardens, Raja Annamalaipuram,
Chennai – 600 028

Corporate Office

Sunny Side Building, East Block, 3rd Floor,
No. 8/17 Shafee Mohammed Road, Chennai – 600 006

Administrative Office

Ali Towers, # 55, Greams Road, Chennai – 600 006.
E-mail: apolloshares@vsnl.net
krishnan_sm@apollohospitals.com
Website: www.apollohospitals.com

Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Investment Committee	Share Transfer Committee	Corporate Social Responsibility Committee
Shri. Deepak Vaidya Chairman	Shri. Rajkumar Menon Chairman	Shri. N.Vaghul Member	Shri. N. Vaghul Chairman	Shri. Rajkumar Menon, Member	Shri.Rafeeque Ahamed, Chairman
Shri.G.Venkatraman Member	Smt. Preetha Reddy Member	Shri. Deepak Vaidya Member	Shri. Deepak Vaidya Member	Smt. Preetha Reddy Member	Smt.Suneeta Reddy Member
Shri.Rajkumar Menon Member	Smt. Suneeta Reddy Member	Shri.G.Venkatraman Member	Shri. Vinayak Chatterjee, Member	Shri. Rafeeque Ahamed, Member	Smt. Sangita Reddy Member
		Shri. Rafeeque Ahamed, Member	Smt. Preetha Reddy Member		
			Smt.Suneeta Reddy Member		

Directors' Report to the Shareholders

Your Directors are pleased to present the **THIRTY THIRD ANNUAL REPORT** and the audited statements of accounts for the year ended 31st March 2014.

Financial Results (Standalone)

(₹ in million)

For the year ended	March 31, 2014	March 31, 2013
Income from operations	38,616	33,178
Profit before Extraordinary Items and Taxation	4,201	4,034
Provision for Taxation	894	988
Net Profit before Extraordinary Items after Taxation	3,307	3,046
Extraordinary Items	-	45
Net Profit after Extraordinary Items	3,307	3,091
Balance of Profit brought forward	2,307	1,763
Dividend paid on equity shares (arising on conversion of FCCB loan & share warrants)	-	22
Profit available for appropriations	5,614	4,832
Appropriations		
Dividend (inclusive of dividend tax)	936	895
Transfer to General Reserve	1,500	1,000
Transfer to Debenture Redemption Reserve	13	630
Balance carried forward to Balance sheet	3,165	2,307

Results of Operations

During the year under review, the income from operations of the Company increased to ₹ 38,616 million compared to ₹ 33,178 million in the previous year, registering an impressive growth of 16%. The profit after tax for the year increased by 7% to ₹ 3,307 million compared to ₹ 3,091 million in the previous year.

During the year under review, the consolidated gross revenue of the Company increased to ₹ 43,842 million compared to ₹ 37,687 million in the previous year, registering an impressive growth of 16%. Net profit after minority interest for the group increased to ₹ 3,168 million from ₹ 3,044 million representing a growth of 4%.

Consolidated Financial Statements

The Ministry of Corporate Affairs (MCA) vide its circular No. 5/12/2007-CL-III dated 8th February 2011 had granted general exemption under Section 212(8) of the Companies Act, 1956 to companies from attaching the accounts of their subsidiaries in their annual reports subject to fulfillment of certain conditions prescribed. The Board of Directors of the Company at its meeting held on 28th May 2014, noted the provisions of the MCA circular cited and passed the necessary resolution granting requisite approvals for not attaching the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Report of the Auditors of each of the subsidiary companies to the accounts of the Company. A statement of summarized financials of all subsidiaries of your Company, pursuant to Section 212(8) of the Companies Act, 1956 forms part of this report. Any further information in respect of the annual report and the financial statements of the subsidiary companies of your Company will be made available to the members on request and will also be available for inspection for any member at its Registered Office. In accordance with the Accounting Standard, AS-21 issued by the Institute of Chartered Accountants of India, the Consolidated Financial Statement presented by your Company includes the financial information of all its subsidiaries.

Dividend

The Board of Directors recommend a dividend of ₹ 5.75 per equity share (115% on face value of ₹ 5/ - per share) (as against ₹ 5.50 per equity share on face value of ₹ 5/- each, 110% in the previous year) on the paid up equity share capital of the company for the financial year ended 31st March 2014, which if approved at the forthcoming Annual General Meeting on 25th August 2014 will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 18th August 2014. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership furnished by the depositories viz., NSDL and CDSL for this purpose.

The Register of Members and Share Transfer Books will remain closed from Tuesday, 19th August 2014 to Monday, 25th August 2014 (both days inclusive).

Transfer of Reserves

Your Company proposes to transfer ₹ 1,500 million to the general reserves out of the amount available for appropriations. An amount of ₹ 3,165 million is proposed to be retained in the Profit & Loss Account.

Credit Rating

CRISIL has rated the company's debt instruments as AA indicating a high degree of safety.

CRISIL Equities has upgraded Company's CRISIL IER fundamental grade to 5/5 from 4/5. The grade indicates that the company's fundamentals are 'excellent' relative to other listed equity securities in India.

Subsidiaries

Your Company has fourteen subsidiary companies (including fellow subsidiaries) as on March 31, 2014. The statement in respect of the details of the subsidiary companies viz., Unique Home Health Care Limited (UHHCL), AB Medical Centres Limited (ABMCL), Samudra Healthcare Enterprises Limited (SHEL), Apollo Hospital (UK) Limited (AHUKL), Apollo Health and Lifestyle Limited (AHLL), Western Hospitals Corporation Pvt Limited (WHCPL), , Apollo Nellore Hospital Limited (ANHL) (formerly Pinakini Hospitals Limited), Imperial Hospital and Research Centre Limited (IHRCL), Alliance Medicorp (India) Limited (Alliance), Sapien Bio Sciences Pvt Limited (SBPL), Apollo Bangalore Cradle Limited (ABCL) formerly Apollo Koramangala Cradle Limited, Apollo Clinics (Gujarat) Limited (ACGL), Apollo Cosmetic Surgical Centre Pvt Limited (ACSPL) and Alliance Dental Care Limited (Alliance Dental) pursuant to section 212 of the Companies Act, 1956, is attached to this report.

Unique Home Health Care Limited (UHHCL)

UHHCL, a wholly owned subsidiary of the Company provides medical and paramedical services including doctor's consultation, physiotherapy direct to patient homes and also offers paramedical services in hospitals to critically ill patients. For the year ended 31st March 2014 UHHCL, recorded a revenue of ₹ 25.56 million and net profit of ₹ 2.02 million.

AB Medical Centres Limited (ABMCL)

ABMCL, a wholly owned subsidiary of the Company does not have any commercial operations as it has leased out its infrastructure viz., land, building and medical equipment to the Company for running the hospital. For the year ended 31st March 2014, ABMCL recorded an income of ₹ 6.41 million and a net profit of ₹ 4.44 million.

Samudra Healthcare Enterprises Limited (SHEL)

SHEL, a wholly owned subsidiary of the company, runs a 120 bed multi speciality hospital at Kakinada. For the year ended 31st March 2014, SHEL recorded revenues of ₹ 279.56 million and a net profit of ₹ 3.36 million.

Apollo Hospital (UK) Limited (AHUKL)

AHUKL is a wholly owned foreign subsidiary of the Company and has not yet commenced its operations.

Apollo Health and Lifestyle Limited (AHLL)

AHLL, a wholly owned subsidiary of the Company is engaged in the business of providing primary healthcare facilities through a network of owned/franchised clinics across India offering specialist consultation, diagnostics, preventive health checks, telemedicine facilities and a 24-hour pharmacy all under one roof. For the year ended 31st March 2014, AHLL recorded a consolidated revenue of ₹ 1,149.33 million and a net loss of ₹ 326.96 million.

Western Hospitals Corporation Private Limited (WHCPL)

For the year ended 31st March 2014, WHCPL, a wholly owned subsidiary of the Company, recorded revenue of ₹ 11.61 million and a net profit of ₹ 7.92 million.

Apollo Nellore Hospital Limited (ANHL)

ANHL has leased out its land at Nellore to the Company. ANHL recorded revenues of ₹ 7.42 million and a net profit of ₹ 4.84 million.

Imperial Hospital and Research Centre Limited (IHRCL)

IHRCL, a 85.76% subsidiary of the company owns a 240 bed multi speciality hospital at Bengaluru. For the year ended 31st March 2014, IHRCL recorded a revenue of ₹ 1,469.35 million and a net profit of ₹ 51.67 million.

Alliance Medicorp India Limited (Alliance)

Alliance, a 51% subsidiary of the Company is engaged in the business of running dialysis clinics. For the year ended 31st March 2014, Alliance recorded consolidated revenue of ₹ 309.72 million and a net loss of ₹ 27.13 million.

Sapien Biosciences Pvt Ltd (SBPL)

SBPL, a 70% subsidiary of the company which is engaged in the business of bio-banking of tissues is currently in the startup stage. For the year ended 31st March 2014, SBPL recorded a revenue of ₹ 0.67 million and a net loss of ₹ 6.35 million.

Apollo Bangalore Cradle Limited (ABCL) (formerly Apollo Koramangla Cradle Limited)

ABCL, a subsidiary of Apollo Health and Lifestyle Limited is engaged in the business of healthcare service. For the year ended 31st March 2014, ABCL recorded a revenue of ₹ 150.77 million and a net loss of ₹ 33.69 million.

Apollo Clinics (Gujarat) Limited (ACGL)

ACGL, a subsidiary of Apollo Health and Lifestyle Limited is engaged in the business of healthcare services. For the year ended 31st March 2014, ACGL recorded a revenue of ₹ NIL million and a net loss of ₹ 0.10 million.

Apollo Cosmetic Surgical Centre Pvt Limited (ACSPL)

ACSPL, a subsidiary of Apollo Health and Lifestyle Limited is engaged in the business of running cosmetic surgical centres. For the year ended 31st March 2014, ACSPL recorded a revenue of ₹ 50.44 million and a net loss of ₹ 0.50 million.

Alliance Dental Care Limited (Alliance Dental)

Alliance Dental, a subsidiary of Alliance Medicorp (India) Limited is engaged in the business of running dental clinics. For the year ended 31st March 2014, Alliance Dental recorded a revenue of ₹ 272.77 million and a net loss of ₹ 18.59 million.

Corporate Governance

Pursuant to Clause 49 (VII) of the Listing Agreement with the Stock Exchanges, a separate report on Corporate Governance forms part of the Directors' Report in the Annual Report. Your Company has been complying with the requirements of the Listing Agreement and necessary disclosures have been made in this regard in the Corporate Governance Report.

A certificate from the Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

Awards

- Apollo Hospitals has been awarded the Gallup Great Places to Work Award (GGWA) for the year 2014 in recognition of exceptionally leveraging its workforce to drive business results and sustainable growth.
- Dr. Prathap C. Reddy, Founder and Chairman of the Apollo Hospitals Group was honoured with the Lifetime Achievement Award by NDTV.
- Dr. Prathap C. Reddy, Chairman, Apollo Hospitals Group was conferred with the Lifetime Achievement Award at the Asian Business Leadership Forum Awards 2013.
- Dr. Prathap C Reddy was also conferred with the Lifetime Achievement Award by CNBC TV18 at the 9th edition of India Business Leaders Awards 2013
- In the Week-Nielsen Hospital Awards 2013, 3 Hospitals from the Apollo Network were recognised as being among the Top 15 Multi-specialty Hospitals in India. Chennai (#4), Delhi (#9) and Hyderabad (#14) have been conferred with this prestigious honour. Chennai and Delhi have featured in the list of Top 10 hospitals in India for the 6th year in a row. These two facilities have also featured in the list of Best Hospitals in India for the specialties of Cardiology and Oncology.

- Apollo Health City, Hyderabad has been bestowed the prestigious 'International Medical Tourism Award' for Excellence in Customer Service. This has been awarded by the reputed International Medical Travel Journal, UK. Apollo Health City was the only hospital from India to be nominated.

Directors' Responsibility Statement

The Directors of the Company hereby state and confirm that:

- In the preparation of the annual accounts for the year, the applicable accounting standards had been followed along with proper explanations and there were no material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis.

Fixed Deposits

In view of the new Companies Act, 2013 requirements, the Company can accept deposits from the public and members only after obtaining approval from the members at the ensuing annual general meeting.

The total deposits with the Company as on 31st March 2014 was ₹ 355.38 million (₹ 367.61 million as on 31st March 2013) which include deposits and interest thereon for an aggregate value of ₹ 4.40 million (₹ 25.31 million as on 31st March 2013) not claimed by depositors.

Executive Directors

The Company has gone in for a major re-organisation of its top leadership with the twin objective of accelerating growth and furthering its strategic goals. This strategic re-alignment will enable the company to focus on growth opportunities and hospitals, pharmacies and clinics while furthering its clinical leadership and service excellence. The Company aims to deepen the focus in each of these verticals as well as drive synergies between them using technology and foster an ecosystem focused on wellness, innovation and productivity.

The Board of Directors at its meeting held on 2nd July 2014 approved the expanded roles and responsibilities of the following Executive Directors along with new designations.

Smt.Preetha Reddy has been re-designated as Executive Vice-Chairperson of the Company. She will work closely with the organization's 8,000 clinicians, industry bodies, State and Central Governments to advance policy matters on important healthcare issues and also in reviewing global medical advancements, in introducing contemporary protocols to further enhance clinical outcomes. Considering the immense potential in international business, Smt. Preetha Reddy will directly lead this portfolio and drive Apollo's aspiration of becoming the global healthcare destination. She will also steer the Enterprise Risk Management portfolio for the company.

Smt. Suneeta Reddy assumes the role of Managing Director of the Company. She will lead the initiatives related to corporate strategy, corporate finance, funding and investments and will leverage M&As to achieve the accelerated pace of growth and optimize profitability. She will directly steer the hospital vertical and will also handle Brand and Marketing.

Smt. Shobana Kamineni has been re-designated as Executive Vice-Chairperson of the Compnay. She will continue to spearhead Apollo Pharmacy related initiatives and will also oversee the planning, design and execution of new projects and will lead the Apollo Global Projects Consultancy Division.

Smt Sangita Reddy will take charge as Joint Managing Director of the Company and will assume greater responsibilities which will include creating an IT enabled patient centric operation across the Apollo footprint. She will continue to steer Apollo's thrust on research, innovation and healthcare initiatives. In growing the group's retail healthcare foray, Sangita will also spearhead Retail Health, including running Clinics, Cradles and other retail service formats. She will also lead the Human Resources and IT functions across all divisions of the Group. The other terms and conditions including remuneration of the Executive Directors as approved by the Members at the earlier Annual General Meetings remain the same.

Directors

Smt. Sangita Reddy, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Shri. Sanjay Nayar was appointed as an additional director with effect from 10th February 2014 and holds office upto the date of the ensuing Annual General Meeting.

Shri. Vinayak Chatterjee was appointed as an additional director with effect from 2nd July 2014 and holds office upto the date of the ensuing Annual General Meeting.

In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Rules made thereunder, the Independent Directors viz., Shri. N. Vaghul, Shri.Deepak Vaidya, Shri. Rafeeque Ahamed, Shri.Rajkumar Menon, Shri. Habibullah Badsha, Shri. G. Venkatraman, Shri. Khairil Anuar Abdullah, Shri. Sanjay Nayar and Shri. Vinayak Chatterjee are being recommended for appointment for a term of upto five consecutive years i.e. upto 31st March 2019, on a non-rotational basis.

Shri. T.K. Balaji has resigned from the office of Director of the Company w.e.f 15th April 2014 citing his inability to continue given his other professional commitments.

The Board wishes to place on record its appreciation for his contributions made during his tenure as a Director of the Company.

Auditors

The Auditors, M/s. S. Viswanathan, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

The Audit Committee and the Board recommend the re-appointment of M/s.S.Viswanathan, Chartered Accountants, as Auditors of the Company, to hold office till the conclusion of the next Annual General Meeting.

Cost Auditors

The Company has appointed M/s. Raman and Associates, Cost Accountants, as the Cost Auditors for conducting the audit of cost records of the Company for the financial year ending 31st March 2015.

Particulars of Employees as per Section 217(2A) of the Companies Act, 1956.

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

Particulars as required to be disclosed as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the statement attached herewith as Annexure - A.

Acknowledgement

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders, of the Company for their continued support.

For and on behalf of the Board of Directors

Place : Chennai
Date : 2nd July 2014

Dr. Prathap C Reddy
Executive Chairman

Annexure - A to the Directors' Report

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy

The operations of the Company are not energy-intensive. However, significant measures are being taken to reduce the energy consumption by using energy-efficient equipment.

Your Company constantly evaluates and invests in new technology to make its infrastructure more energy efficient. The following energy saving measures were adopted during the year 2013-2014.

- Sustaining the hot water generation for patient rooms with heat pump instated of hot water (Diesel) Boiler and energy saving is maintained.
- Purchasing Electricity units with wind mill units and compensating with EB bills.
- Phasing out of CFL Lamps with LED Lights.
- Introducing Micro processing energy saver for AHU Motors. (ABANCA)
- Incorporating ZETEON water saving accessories in the hospitals.
- Availment of H.T connection for Lab Block from L.T connection to conserve energy consumption.

As energy costs comprise a very small portion of your Company's total expenses, the financial implications of these measures are not material.

Technology Absorption

Over the years, your Company has brought into the country the best that the world has to offer in terms of technology. In its continuous endeavour to serve the patients better and to bring healthcare of international standards within the reach of every individual, your company has introduced the latest technologies in its hospitals.

1. **The latest 3.0 Tesla MRI system from Philips - model Ingenia 3.0T**, has been installed at Apollo Hospital, Greams Road, Chennai. It incorporates patented stream architecture wherein MR signals are digitised in the RF coils resulting in 40% higher signal-to-noise ratio and highest dynamic range to provide excellent image quality. Flexstream technology enables imaging with fewer coils and reduces patient set up time thereby increasing patient throughput by 30%. This model has the largest homogenous field of view offering a combination of maximum comfort for patient scanning and high image quality. Multi Transmit 4D technology utilizes multiple RF sources to adapt to individual patients, resulting in better image uniformity, contrast and consistency in addition to faster patient scanning.

2. Due to increasing multi-drug resistant infectious organisms, Microbiology labs have a challenge in accurate microbial identification and antibiotic susceptibility testing for achieving better clinical responses and efficient patient care outcomes. The **VITEK MS** is an automated mass spectrometry microbial identification system installed at the Apollo Hospital, Greams Road, Chennai which utilizes the latest technology and a comprehensive database of clinically relevant species for obtaining results in a short time. The system provides a clear identification of the species, genus and family so that clinicians can start appropriate antibiotic treatment at the earliest. The system is equipped with Biomerieux's advanced middleware solution MYLA for seamless integration of the reports and results with the Hospital Lab Information System.

3. The **INGENUITY TF 128 PET CT** at Apollo Gleneagles Hospitals, Kolkata is the first installation of its kind in the world. The system has the latest 3rd generation Time of Flight technology with best timing resolution of 495 pico seconds powered with Astonish TF. The Astonish TF technology gives exceptional image quality at significantly lower doses which helps in reducing the radiation burden on the patient. The sensitivity gain achieved through Astonish TF allows for fewer counts required for measured PET activity. The Astonish TF technology helps in minute lesion detection and providing patient care in oncology investigation and follow-up studies. The World's first open gantry design allows the patient to undergo a PET-CT scan with maximum comfort especially for claustrophobic and paediatric patients. The Ingenuity TF PET/CT is powered with the fastest 128 slice CT with ultra-fast reconstruction which produces superb image quality. There is a 33% improvement in z-axis visualization with 128 slices. The ultra-high resolution of the system allows outstanding spatial visualization. The Ingenuity 128 slice CT offers 4cms coverage for excellent image quality at a low dose with up to 57% improvement in spatial resolution. The iPatient's holistic approach to workflow makes the entire procedure of acquiring the scans simpler and easier. The system automatically determines the collimation, pitch and rotation time, always optimizing for image quality, dose and speed.

4. **Varian True beam STX Linear Accelerator:** To advance the treatment of lung, breast, prostate, head and neck, and other types of cancers, the TrueBeam™ platform for image-guided radiotherapy and radiosurgery has been ordered for Apollo Specialty Hospital, Chennai to treat even moving targets with unprecedented speed and accuracy. The system dynamically synchronizes imaging, patient positioning, motion management, and treatment delivery. "Intelligent" automation further speeds treatments with an up to five-fold reduction in the number of steps needed for imaging, positioning and treating patients. The system can be used for all forms of advanced external-beam radiotherapy including image-guided radiotherapy and radiosurgery (IGRT and IGRS), intensity-modulated radiotherapy (IMRT), stereotactic body radiotherapy (SBRT) and RapidArc® radiotherapy. New 'gated' RapidArc Radiotherapy, which compensates for tumor motion by synchronizing imaging with dose delivery during a continuous rotation around the patient, is a powerful tool for treating cancers of the thorax, such as lung and liver cancers, when tumor motion is an issue.

5. To advance liver disease management, Apollo Hospitals, Chennai is acquiring the latest model **Fibroscan 502 Touch** which provides multiple controls for accurate, reliable and reproducible measurement of liver tissue stiffness. The system includes a new feature which aids in measurement of ultrasound attenuation in the liver. This enables non invasive assessment and quantification of liver steatosis for the examination and follow up of patients with liver disease.

6. **Intuitive Surgical-da Vinci Robotic Surgical System:** With a view to provide the best available surgical outcomes to patients, Apollo Group has introduced state-of-the-art da Vinci Robotic surgical system in 4 of its locations in the network. These Systems combine computer and robotic technologies to create a new category of surgical treatment, robotic-assisted laparoscopic, thoracoscopic or endoscopic surgery. By providing surgeons with enhanced capabilities, the System makes it possible to treat a broader range of conditions using a minimally invasive approach for major surgery with only a few tiny incisions. In addition, the surgeon can operate with better visualization, precision, dexterity and control than possible using traditional surgical approaches. The extended capabilities of the System will help surgeons provide better clinical outcomes to patients than conventional open and minimally invasive surgery allow. The benefits to patients include small scars, shorter hospital stay, precise, easy and safe access even to difficult-to-reach surgical sites.

7. **Mazor Robotics' Renaissance Spine Surgery System:** Surgical treatment of the spine requires planning and precision; and each patient's anatomy has unique challenges. Surgery with Mazor Robotics' Renaissance System provides increased safety and precision for a wide variety of spine procedures, and in some cases, enables minimally invasive surgery. Surgeons plan before entering the operating room and then implement with the utmost perfection during the procedure, providing consistent results and optimal outcomes for patients minimally invasive surgery with Mazor Robotics' technology increases accuracy with less radiation, lowers complication rates, reduces pain and enables faster recovery and return to daily activities. Apollo has been using this one of its kind system as a next step in the evolution of spine surgery in India.

Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings: ₹ 534.27 million (This is exclusive of rupee payment made by Non-Resident Indians and Foreign Nationals)

Foreign Exchange Outgo : ₹ 1,146.67 million towards purchase of medical equipment and capital expenditure.

Corporate Governance Report

The Company's philosophy on code of governance

The basic objective of corporate governance policies adopted by the Company is to attain the highest levels of transparency, accountability and integrity. This objective extends not merely to comply with statutory requirements but also to go beyond them by putting into place procedures and systems, which are in accordance with the best practices of governance. Your Company believes that good Corporate Governance enhances the trust and confidence of all the stakeholders. Good practice in corporate behaviour helps to enhance and maintain public trust in companies and the stock markets.

Your Company reviews its corporate governance practices to ensure that they reflect the latest developments in the corporate arena and in positioning itself to conform to the best corporate governance practices. Your Company is committed to pursuing excellence in all its activities and in maximisation of its shareholders' wealth.

The Company's corporate governance policies and practices focus on the following principles:-

1. To recognize the respective roles and responsibilities of the Board and Management.
2. To achieve the highest degree of transparency by maintaining a high degree of disclosure levels.
3. To ensure and maintain high ethical standards in its functioning.
4. To accord the highest importance to investor relations.
5. To ensure a sound system of risk management and internal controls.
6. To ensure that employees of the Company subscribe to the corporate values and apply them in their conduct.
7. To ensure that the decision making process is fair and transparent.
8. To ensure that the Company follows globally recognized corporate governance practices.

I. Board of Directors

The Company has an Executive Chairman. As per Clause 49 of the Listing Agreement, if the Chairman is an Executive Chairman, at least half of the Board should comprise of independent directors. The Board comprises 62 per cent of independent directors. The Board of Directors of the Company has a healthy blend of executive and non-executive directors, and consequently ensures the desired level of independence in functioning and decision-making. Moreover all the non-executive directors are eminent professionals, and bring the wealth of their professional expertise and experience to the management of the Company.

(A) Composition of the Board of Directors and details of external directorships and memberships of boards/committees

Director	Category	Designation	Share holding in the Company	Number of Directorships (out of which as Chairman) other than AHEL #	Number of Memberships in Board Committees other than AHEL ##	Whether Chairman / Member
Dr. Prathap C Reddy	Promoter	Executive Chairman	6,445,464	14(11)	-	-
Smt. Preetha Reddy	Promoter	Executive Vice - Chairperson [1]	2,193,915	12	1	Member
Smt. Suneeta Reddy	Promoter	Managing Director[1]	2,381,590	11(3)	1 1	Chairman Member
Smt. Shobana Kamineni	Promoter	Executive Vice - Chairperson[1]	2,189,952	13	1	Member
Smt. Sangita Reddy	Promoter	Joint Managing Director[1]	2,432,508	12	-	-
Shri. Rajkumar Menon	Independent	Director	-	-	-	
Shri. Rafeeque Ahamed	Independent	Director	55,900	-	-	-
Shri. Habibullah Badsha	Independent	Director	10,806	1	-	-
Shri. Deepak Vaidya	Independent	Director	-	2(1)	2 2	Chairman Member
Shri. N. Vaghul	Independent	Director	-	4(1)	4	Chairman
Shri.Khairil Anuar Abdullah	Independent	Director	-	-	-	-
Shri.G.Venkatraman	Independent	Director	-	6	5	Chairman
Shri. Sanjay Nayar	Independent	Director	-	1	2 3	Chairman Member
Shri. Vinayak Chatterjee	Independent	Director[2]	-	3	2 2	Chairman Member

#excluding Directorships in Foreign Companies, Private Companies and Section 25 Companies.

Represents Membership/Chairmanship of Audit Committees and Stakeholders Relationship Committee.

As on 31st March 2014, none of the Directors on the Board hold the office of Director in more than 15 Public Limited Companies, or Membership of Committees of the Board in more than 10 Committees and Chairmanship of more than 5 Committees, across all companies.

1 Redesignated w.e.f. 2nd July, 2014
2 Appointed as a director w.e.f. 2nd July, 2014

Pecuniary relationships or transactions of Non executive directors vis-à-vis the Company

The Company does not have any direct pecuniary relationship/transaction with any of its Non Executive Directors.

(B) Remuneration Policy to Directors

a) Executive Directors

The Nomination and Remuneration Committee of the Board consists solely of non-executive directors. Its terms of reference include making recommendations to the Board in respect of the Group policy on executive remuneration, and the consideration and determination of the remuneration of the executive directors and senior management.

The main aim of the Group's remuneration policy is to pay the Group's executive directors and senior management competitively, having regard to other comparable companies and the need to ensure that they are properly remunerated and motivated to perform in the best interests of shareholders. Performance related rewards, based on measured and stretch targets, are therefore an important component of remuneration packages.

The Nomination and Remuneration Committee obtains external advice from independent firms of compensation and benefit consultants when necessary.

The main components of the remuneration package for executive directors comprises of base salary and performance related variable annual incentive linked to company performance.

Base Compensation (Fixed pay)

The base salary or the fixed component has been finalized based on prevailing market standards. The salaries for executive directors will be reviewed annually having regard to the job size, responsibility levels, performance evaluation and competitive market practices. Also, the annual increments relating to the fixed pay components will be decided by the Nomination and Remuneration Committee based on company performance and market conditions.

Performance Based Incentive (Variable pay)

All Executive Directors would be eligible for Performance Based Variable Pay, linked to the achievement of operating profit targets and job related goals. A percentage of the bonus is payable by reference to the profit targets and the balance is payable by reference to individual performance criteria. The maximum annual bonus payable is 125% of base salary.

In addition to the variable pay, the Executive Chairman will be eligible for a commission of upto 1% of the net profits before tax of the Company. This will be determined by the Nomination and Remuneration Committee based on the review of the Executive Chairman's achievement linked to improvement in shareholders returns and brand enhancement.

The Executive Directors Compensation as detailed above is within the overall framework of the approvals given by shareholders and in line with the managerial remuneration limits as specified under the Companies Act, 1956. The job related goals for each working director will be set out by the Nomination and Remuneration Committee every year.

b) Non Executive Directors

Compensation to the non-executive directors takes the form of:-

1. Sitting fees for the meetings of the Board and Committees, if any attended by them and
2. Commission on profits.

The Shareholders and the Ministry of Corporate Affairs have approved the payment of commission to Non Executive and Independent Directors within the overall maximum ceiling limit of 1% of the net profits of the Company for a period of five years with effect from 1st April 2009 in addition to the sitting fees being paid by the Company for attending the Board/Committee Meetings.

The compensation is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the directors for attending to the affairs and business of the Company, and the extent of responsibilities cast on the directors under various laws and other relevant factors.

The Board approved the payment of commission of ₹ 1 million to each Non Executive and Independent Director for the year ended 31st March 2014.

The aggregate commission payable to all non-executive directors is well within the limits approved by the shareholders and in line with the provisions of the Companies Act, 1956.

(c) Details of remuneration paid to the Directors

The details of the remuneration paid/accrued to the Directors for the year ended 31st March 2014 along with their relationships and business interests is detailed below: (₹ in million)

Name of the Director	Relationship with other Directors	Remuneration paid/payable for the year ended 31st March 2014				
		Remuneration				
		Sitting Fee	Fixed pay	Variable Pay	Commission	Total
Dr. Prathap C Reddy	Father of Smt.Preetha Reddy, Smt.Suneeta Reddy, Smt. Sangita Reddy & Smt. Shobana Kamineni	-	59.40	49.30	41.80	150.50
Smt. Preetha Reddy	Daughter of Dr. Prathap C Reddy, Sister of Smt.Suneeta Reddy, Smt. Shobana Kamineni & Smt.Sangita Reddy	-	27.00	24.11	-	51.11
Smt. Suneeta Reddy	Daughter of Dr. Prathap C Reddy, Sister of Smt.Preetha Reddy, Smt. Shobana Kamineni & Smt.Sangita Reddy	-	27.00	24.84	-	51.84
Smt. Shobana Kamineni	Daughter of Dr. Prathap C Reddy, Sister of Smt.Preetha Reddy, Smt. Suneeta Reddy & Smt. Sangita Reddy	-	27.00	24.11	-	51.11
Smt. Sangita Reddy	Daughter of Dr. Prathap C Reddy, Sister of Smt.Preetha Reddy, Smt. Suneeta Reddy & Smt. Shobana Kamineni	-	27.00	24.03	-	51.03
Shri. Rajkumar Menon	-	0.18	-	-	1.00	1.18
Shri. Rafeeque Ahamed	-	0.04	-	-	1.00	1.04
Shri. Habibullah Badsha	-	0.04	-	-	1.00	1.04
Shri. Deepak Vaidya	-	0.18	-	-	1.00	1.18
Shri. N. Vaghul	-	0.12	-	-	1.00	1.12
Shri. T.K. Balaji	-	0.04	-	-	1.00	1.04
Shri.Khairil Anuar Abdullah	-	0.08	-	-	1.00	1.08
Shri.G.Venkatraman	-	0.22	-	-	1.00	1.22
Shri. Shashank Singh (resigned w.e.f 7th August 2013)	-	0.04	-	-	0.35	0.39
Shri. Sanjay Nayar (appointed w.e.f 10th February 2014)	-	-	-	-	-	-

Notes:

i. The term of executive directors is for a period of 5 years from the respective dates of appointment.

ii. The Company does not have any service contract with any of the directors.

iii. None of the above persons is eligible for any severance pay.

iv. Commission to the Non-Executive Directors for the year ended 31st March 2014 @ ₹ 1 million each per annum will be paid, subject to deduction of tax after adoption of accounts by shareholders at the Annual General Meeting to be held on 25th August 2014. Sitting fee also includes payment of fees for attending Board-level Committee Meetings.

v. The Company has no stock option plans and hence, such an instrument does not form part of the remuneration package payable to any Executive Director and/or Non-Executive Director.

vi. The Company did not advance any loan to any of its directors during the year.

(C) Board Procedures

(a) Number of Board Meetings held, dates on which held

Five board meetings were held during the financial year from 1st April 2013 to 31st March 2014. The dates on which the meetings were held are as follows:-

26th April 2013, 20th May 2013, 7th August 2013, 12th November 2013 and 10th February 2014.

(b) Attendance details of each director at the Board Meetings and at the last AGM are set out below:-

Director	Number of Board Meetings held	Number of Board Meetings Attended	Last AGM attendance (Yes/No)
Dr. Prathap C Reddy	5	5	Yes
Smt. Preetha Reddy	5	5	Yes
Smt. Suneeta Reddy	5	5	Yes
Smt. Shobana Kamineni	5	4	Yes
Smt. Sangita Reddy	5	5	Yes
Shri. Rajkumar Menon	5	3	No
Shri. Rafeeque Ahamed	5	2	No
Shri. Habibullah Badsha	5	2	No
Shri. Deepak Vaidya	5	4	Yes
Shri. N. Vaghul	5	5	Yes
Shri. T.K. Balaji [1]	5	2	No
Shri. Khairil Anuar Abdullah	5	4	Yes
Shri. G. Venkatraman	5	5	Yes
Shri. Shashank Singh	5	1	-
Shri. Sanjay Nair [2]	5	-	NA

1 Ceased to be a Director w.e.f 25th April 2014

2 Appointed to the Board w.e.f 10th Feb 2014

(c) The information made available to the Board includes the following

1. Annual Operating plans, budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of the Audit Committee and other committees of the Board.
5. The information or recruitment and remuneration of senior officers just below the board level, including appointment and removal of the Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices, which are materially important.
7. Fatal or serious accidents, dangerous occurrences any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
9. Any issue which involves possible public or product liability, claims of substantial nature including any judgment or order which, may have passed strictures on the code of conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Details of joint venture or collaboration agreements.
11. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
12. Significant labour problems and their resolutions. Any significant development on the Human Resources/ Industrial Relations front like signing of wage agreement, implementation of VRS scheme etc.
13. Sale of material nature such as investments, subsidiaries, assets which is not in the normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non¬payment of dividend, delay in share transfers etc.

d) The Board reviews periodically the compliance reports of all laws applicable to the Company.

(D) Code of Conduct for Board Members and Senior Management Personnel

The Board of Directors have adopted a Code of Conduct for the Board Members and Senior Management Personnel. This Code helps the Company to maintain the Standard of Business Ethics and ensure compliance with the legal requirements, specifically under Clause 49 of the Stock Exchange Listing Agreements of the Company. The Code is aimed at preventing any wrongdoing and promoting ethical conduct at the Board and Senior Management level.

The Company Secretary has been appointed as the Compliance Officer and is responsible to ensure adherence to the Code by all concerned. A copy of the code of conduct has been posted at the Company's official website www.apollohospitals.com

The declaration regarding compliance with the code of conduct as required under clause 49 of the Listing Agreement with the stock exchanges is appended to this report.

Code of Conduct for prevention of Insider Trading

The Company has adopted a code of conduct for prevention of insider trading in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Shri. S.M. Krishnan, Senior General Manager - Finance and Company Secretary is the Compliance Officer. All the Directors and Senior Management Personnel and such other designated employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company are covered under the said code. The Directors, their relatives, senior management personnel, designated employees etc., are restricted from purchasing, selling and dealing in the shares while being in possession of unpublished price sensitive information about the Company during certain prohibited periods.

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

II. Composition of Board Committees

Audit Committee	Stakeholders Relationship Committee	Nomination & Remuneration Committee	Investment Committee	Share Transfer Committee	Corporate Social Responsbility Committee
Shri. Deepak Vaidya, Chairman	Shri. Rajkumar Menon, Chairman	Shri. N.Vaghul, Member	Shri. N. Vaghul, Member	Shri. Rajkumar Menon, Member	Shri. Rafeeque Ahamed, Chairman
Shri.G.Venkatraman, Member	Smt. Preetha Reddy, Member	Shri. Deepak Vaidya Member	Shri. Deepak Vaidya, Member	Shri. Rafeeque Ahamed, Member	Smt.Suneeta Reddy, Member
Shri.Rajkumar Menon, Member	Smt. Suneeta Reddy, Member	Shri.G.Venkatraman Member	Smt. Preetha Reddy, Member	Smt. Preetha Reddy, Member	Smt. Sangita Reddy, Member
		Shri. Rafeeque Ahamed, Member	Smt.Suneeta Reddy, Member		
			Shri. T.K. Balaji[1], Member		
			Shri. Vinayak Chatterjee, Member[2]		

1 Ceased to be a member w.e.f 25th April 2014

2 Appointed as a member w.e.f 2nd July 2014

1. Audit Committee

(a) Composition of the Audit Committee

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising of the following Independent Directors.

1. Shri. Deepak Vaidya, Chairman
2. Shri. G. Venkatraman and
3. Shri. Rajkumar Menon

The committee comprises of eminent professionals with expert knowledge in corporate finance. The Minutes of each audit committee meeting are placed before and discussed by the Board of Directors of the Company.

(b) Meetings of Audit Committee

The Audit Committee met five times during the year on 25th April 2013, 16th May 2013, 6th August 2013, 11th November 2013 and 10th February 2014.

Sl. No	Name of the Member	Designation	Number of Meetings Held	Number of Meetings attended
1.	Shri. Deepak Vaidya	Chairman	5	5
2.	Shri. G. Venkatraman	Member	5	5
3.	Shri. Rajkumar Menon	Member	5	3

(c) Powers of the Audit Committee

The powers of the Audit Committee include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

(d) Functions of the Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payments to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (2AA) of section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of the audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of the CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Carrying out such other functions as may be specifically referred to the committee by the company's Board of Directors and/or other committees of Directors.

The Audit Committee shall mandatorily review the following information.

(i) The Management Discussion and Analysis of financial condition and results of operations;

(ii) Statement of significant related party transactions (as defined by the Audit Committee and submitted by management);

(iii) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;

(iv) Internal audit reports relating to internal control weaknesses; and

(v) The appointment/removal and terms of remuneration of the Internal Auditors/Chief Internal Auditor

In addition to the areas noted above, the audit committee reviews controls and security relating to the Company's critical IT applications, the internal and control assurance audit reports of all major divisions and profit centers and deviations from the code of business principle, if any.

2. Nomination & Remuneration Committee

(a) Composition and Scope of the Nomination & Remuneration Committee

In line with the requirements of the Companies Act, 2013, the Board at its meeting held on 25th April 2014 changed the nomenclature of the existing Remuneration and Nomination Committee as the Nomination and Remuneration Committee.

The Nomination & Remuneration Committee comprises of the following Non Executive and Independent Directors.

1. Shri. N. Vaghul
2. Shri. Deepak Vaidya
3. Shri. G. Venkatraman and
4. Shri. Rafeeque Ahamed

The Scope of the Nomination & Remuneration Committee includes the following:

1. To submit recommendations to the Board with regard to -

   a) Filling up of vacancies in the Board that might occur from time to time and appointment of additional Non-Executive Directors. In making these recommendations, the Committee shall take into account the special professional skills required for efficient discharge of the Board's functions;

   b) Retirement of Directors liable to retire by rotation; and

   c) Appointment of Executive Directors.

2. To determine and recommend to the Board from time to time -

   (a) the amount of commission and fees payable to the Directors within the applicable provisions of the Companies Act, 1956.

   (b) the amount of remuneration, including performance or achievement bonus and perquisites payable to the Executive Directors

3. To frame guidelines for Reward Management and recommend suitable schemes for the Executive Directors and Senior Management
4. To determine the need for key man insurance for any of the company's personnel
5. To identify persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal
6. To carry out evaluation of every Director's performance.
7. To formulate the criteria for determining the qualification, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

8, To formulate the criteria for evaluation of Indpendent Directors and the Board.

9. To ensure that the level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets performance benchmarks, and involves a balance between fixed and incentive pay.

10. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

(b) Meetings of the Nomination & Remuneration Committee

During the year, the Nomination & Remuneration Committee met on 20th May 2013.

Sl. No	Name of the Member	Designation	Number of Meetings Held	Number of Meetings attended
1.	Shri. N. Vaghul	Chairman	1	1
2.	Shri. Deepak Vaidya	Member	1	-
3.	Shri. G. Venkatraman	Member	1	1
4.	Shri. Shashank Singh (ceased to be a member w.e.f 7th August 2013)	Member	1	1
6.	Shri. Rafeeque Ahamed	Member	1	-

3. Investment Committee

(a) Composition and Scope of the Investment Committee

The Investment Committee comprises of a majority of Independent Directors and consists of the following members.

1. Shri. N. Vaghul
2. Shri. Deepak Vaidya
3. Shri. Vinayak Chatterjee (Appointed as a member w.e.f. 2nd July 2014)
4. Smt. Preetha Reddy and
5. Smt. Suneeta Reddy

Note: Shri. T.K. Balaji ceased to be a member w.e.f. 25th April 2014

The function of the Investment Committee is to review and recommend investments in new activities planned by the Company.

4. Stakeholders Relationship Committee

In line with the requirements of the Companies Act, 2013, the Board at its meeting held on 25th April 2014 changed the nomenclature of the existing Investors Grievance Committee as the Stakeholders Relationship Committee.

(a) Composition and Scope of the Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of the following Directors:-

1. Shri. Rajkumar Menon, Chairman
2. Smt. Preetha Reddy and
3. Smt. Suneeta Reddy

The Stakeholders Relationship Committee specifically looks into issues such as redressing of shareholders' and investors' complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividends and ensuring expeditious share transfers and also redresses the grievances of deposit holders, debenture holders and other security holders.

(b) Meetings of the Stakeholders Relationship Committee

The Committee met four times during the year on 5th April 2013, 9th July 2013, 11th October 2013 and 10th January 2014.

Sl. No	Name of the Member	Designation	Number of Meetings Held	Number of Meetings attended
1.	Shri. Rajkumar Menon	Chairman	4	4
2.	Smt. Preetha Reddy	Member	4	4
3.	Smt. Suneeta Reddy	Member	4	4

Name and designation of the Compliance Officer:-

Shri. S.M. Krishnan, Sr. General Manager – Finance and Company Secretary.

(5) Corporate Social Responsibility Committee

As per the Companies Act, 2013, all companies having a networth of ₹ 5,000 million or more, or turnover of ₹ 10,000 million or more or a net profit of ₹ 50 million or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, at least one of whom will be an independent director. Accordingly, the Board on April 25, 2014 constituted the CSR Committee ('the Committee') comprising of :

1. Shri. Rafeeque Ahamed, Chairman
2. Smt. Suneeta Reddy and
3. Smt. Sangita Reddy

The purpose of the Committee is to formulate and monitor the CSR policy of the Company. The terms of reference of the Committee will include the following:-

- To formulate and recommend to the board, a CSR policy, which will indicate the activities to be undertaken by the company as well as the amount of expenditure to be incurred on the activities referred to in the CSR policy.
- To monitor the CSR policy from time to time.
- To prepare a transparent monitoring mechanism for ensuring implementation of the projects / programmes / activities proposed to be undertaken by the Company.
- To report, in the prescribed format, the details of their CSR initiatives in the Directors' Report and in the Company's website.

(6) Share Transfer Committee

Composition and Scope of the Share Transfer Committee

The Share transfer committee comprises of the following directors:

1. Shri. Rajkumar Menon
2. Smt. Preetha Reddy and
3. Shri. Rafeeque Ahamed

The Share Transfer Committee, constituted by the Board has been delegated powers to administer the following:-

- To effect transfer of shares
- To effect transmission of shares
- To issue duplicate share certificates as and when required; and
- To confirm demat/remat requests

The Committee, attends to share transfers and other formalities once in a fortnight

III. Subsidiaries

As per the revised Clause 49 of the Stock Exchange Listing Agreement, your Company does not have any Material non-listed Subsidiary Company whose turnover or networth exceeded 20% of the consolidated turnover or networth respectively of the Company and its subsidiaries in the immediately preceding accounting year.

IV. Disclosures

(A) Related Party Transactions

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors, promoters or the management that may have a potential conflict with the interests of the Company at large except the details of transactions disclosed in the Notes forming part of the Accounts as required under Accounting Standard 18 of the Institute of Chartered Accountants of India. All related party transactions are conducted on an arms length basis.

All details relating to financial and commercial transactions, where directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussions, nor do they vote on such matters. The Audit Committee of the Company also reviews related party transactions periodically.

(B) Accounting Treatment

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in preparation of financial statements, the Company has not adopted a treatment different from that prescribed by any Accounting Standard.

(C) Risk Management

Business Risk Evaluation and management of such risks is an ongoing process within the organization. The Board has constituted a Risk Management Committee headed by the Managing Director which reviews the probability of risk events that adversely affect the operations and profitability of the Company and suggests suitable measures to mitigate such risks.

A Risk Management Framework is already in place and the Executive Management reports to the Board periodically on the assessment and minimization of risks.

(D) Proceeds of Public, Rights and Preferential Issues

During the year, the Company had not issued or allotted any securities.

(E) Management

The Management Discussion and Analysis Report is appended to this report.

(F) Shareholders

(1) Disclosures regarding appointment or re-appointment of Directors

As per the Companies Act, 1956, atleast two thirds of the Board should consist of retiring Directors, of these atleast one third are required to retire every year.

Except the Chairman, Managing Director and Non Executive Independent Directors, other Directors are liable to retire by rotation as per the provisions of the Companies Act.

Smt. Sangita Reddy retires by rotation and is eligible for re-appointment at the ensuing Annual General Meeting.

Shri. Sanjay Nayar was appointed as an additional director of the Company w.e.f 10th February 2014 and holds the office of Director upto the ensuing Annual General Meeting.

Shri. Vinayak Chatterjee was appointed as an additional Director of the Company w.e.f. 2nd July 2014 and holds the office of Director upto the ensuing Annual General Meeting.

In order to comply with the requirements of sections, 149, 152 and other applicable provisions of the Companes Act, 2013, the Indpendent Directors Viz, Shri. N. Vaghul, Shri Deepak Vaidya, Shri. Rafeeque Ahamed, Shri. Rajkumar Menon, Shri. Habibullah Badsha, Shri. G. Venkatraman, Shri. Khairil Anur Abdullah, Shri Sanjay Nayar and Shri Vinayak Chatterjee are being recommended for appointment for a term upto five consecutive years i.e. upto 31st March 2019, on a non-rotational basis.

The detailed resumes of all these directors are provided as part of the Notice of the Annual General Meeting.

(2) Means of Communication

The unaudited quarterly/half yearly financial statements are announced within forty five days from the end of the quarter. The aforesaid financial statements are taken on record by the Board of Directors and are communicated to the Stock Exchanges where the Company's securities are listed. Once the Stock Exchanges have been intimated, these results are communicated by way of a Press Release to various new agencies/analysts and published within 48 hours in two leading daily newspapers - one in English and one in Tamil.

The audited annual results are announced within two months from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchanges. For the financial year ended 31st March 2014, the audited annual results were announced on 28th May 2014. The audited annual results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where these results are communicated by way of a Press Release to various news agencies/analysts and are also published within 48 hours in two leading daily newspapers - one in English and one in Tamil. The audited financial results form a part of the Annual Report which is sent to the shareholders prior to the Annual General Meeting.

The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders.

The quarterly/half yearly and the annual results of the company are put on the Company's website www.apollohospitals.com.

Reminder to Investors: Reminders for unclaimed shares, unclaimed dividend/interest are sent to the shareholders as per records every year.

NSE Electronic Application Processing System (NEAPS) : The NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the listing centre): BSE's listing centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report are also filed electronically on the listing centre.

SEBI Complaints Redressal System (SCORES) : The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are : Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.

(3) Investors' Grievances and Share Transfer

As mentioned earlier, the Company has a Board-level Stakeholders Relationship Committee to examine and redress shareholders and investors' complaints. The status on complaints and share transfers is reported to the Committee. The details of shares transferred and nature of complaints is provided in the Additional information to shareholders section of the Annual Report.

For matters regarding shares transferred in physical form, share certificates, dividends, change of address etc., shareholders should send in their communications to Integrated Enterprises (India) Ltd, our registrar and share transfer agent. Their address is given in the section on Shareholder Information.

(4) Details of Non-Compliances

There are no non-compliances by the Company and no penalties or strictures have imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(5) General Body Meetings

The location, date and time of the Annual General Meetings held during the preceding three years are given below:

Year	Date	Venue	Time	Special Resolutions Passed
2010-2011	January 22, 2011 (EGM)	Chinmaya Heritage Centre, Tapovan Hall, Chennai	11.00 A.M.	• Increasing the Authorized Share Capital of the Company from ₹ 850 million to ₹ 1,100 million and consequential amendments to the Memorandum and Articles of Association of the Company. • Raising funds by way of equity through Qualified Institutional Placement (QIP) Scheme. • Issue of upto 3,276,922 convertible warrants to Dr. Prathap C Reddy, Promoter of the Company on a preferential allotment basis
2010-2011	July 22, 2011	Kamaraj Arangam, Chennai	10.15 A.M.	No Special resolutions were passed.
2011-2012	9th August 2012	Kamaraj Arangam, Chennai	11.00 A.M.	Payment of remuneration equivalent to 5% of the net profits of the Company to Dr. Prathap C Reddy, Permanent Chairman for a period of five years with effect from 25th June 2012
2012-2013	7th August 2013	The Music Academy, Chennai	11.00 A.M.	• Appointment of Smt.Sindoori Reddy as Vice President Operations under the provisions of Section 314 of the Companies Act, 1956 • Alteration of Articles of Association of the Company

(6) Postal Ballots

During the year there were no ordinary or special resolutions passed by the members through Postal Ballot.

V.CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the certificate from Smt. Preetha Reddy, Managing Director and Smt. Suneeta Reddy, Joint Managing Director was obtained and placed before the Board of Directors at their meeting held on 28th May 2014.

VI. Compliance with Corporate Governance Norms

(i) Mandatory Requirements

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges.

(ii) Non-Mandatory Requirements

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement is as follows:-

1. **The Board**

   There is no Non-Executive Chairman for the Company

2. **Shareholder Rights :**

   Details are given under the heading 'Communication to Shareholders'

3. **Audit Qualifications :**

   During the year under review, there was no audit qualification in the Company's financial statements.

4. **Separate post of Chairman and CEO :**

   The Company has appointed separate persons for the office of Chairman and Managing Director

5. **Reporting of Internal Auditor :**

   The Company has Internal Auditors who report directly to the Audit Committee.

The Company is in the process of adopting the non-mandatory requirements such as training of board members, mechanism for evaluating the non-executive board members and whistle blower policy. However the Company has fully complied with SEBI guidelines relating to Corporate Governance in respect of compliance of mandatory requirements applicable as on 31st March 2014.

VII. Auditors Report on Corporate Governance

As required by Clause 49 of the Listing Agreement, the auditors' certificate is given as an annexure to the Directors Report.

General Shareholders' information

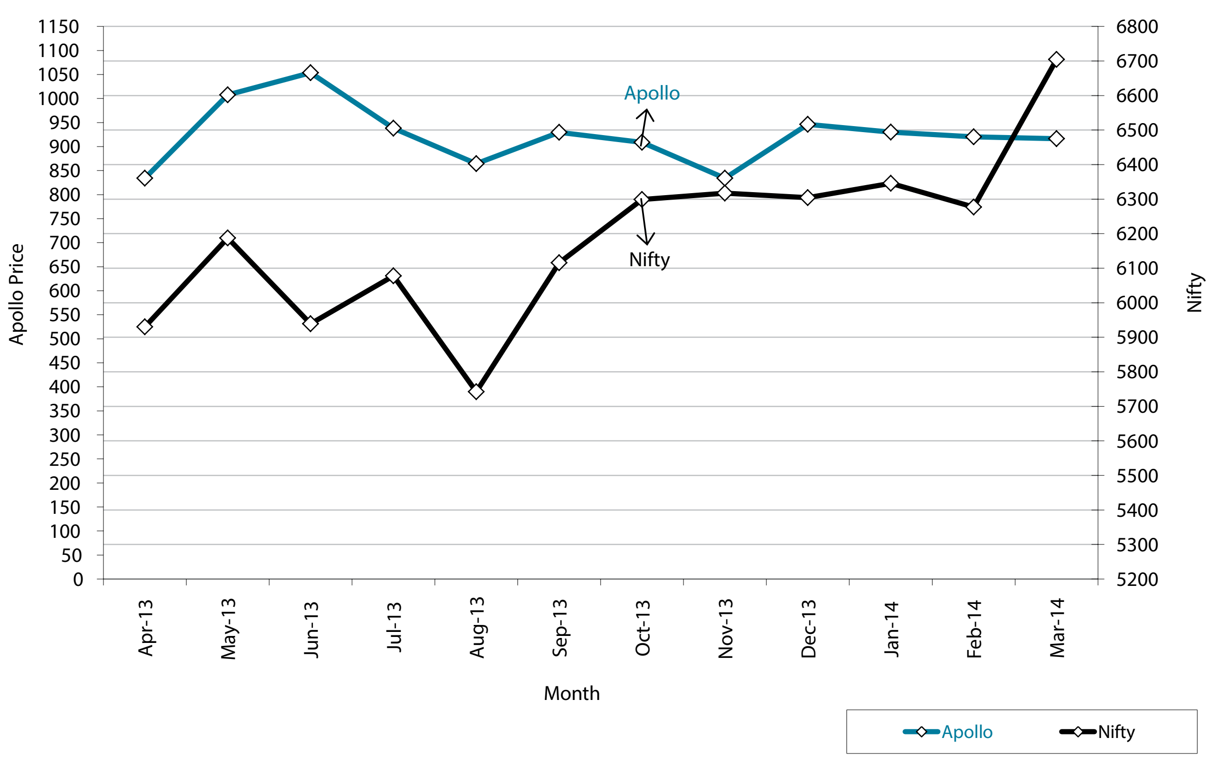
(i) AGM date, time and venue	25th August 2014 at 10.30 a.m. The Music Academy, New No. 168 (Old No.306) T.T.K. Road, Chennai – 600 014
(ii) Financial Calendar	
1st Quarter	1st April to 30th June
2nd Quarter	1st July to 30th September
3rd Quarter	1st October to 31st December
4th & last Quarter	1st January to 31st March
(iii) Date of Book Closure	19th August 2014 to 25th August 2014 (both days inclusive)
(iv) Dividend Payment	On or before 8th September 2014
(v) Listing of :	
(1) Equity Shares	(i) Bombay Stock Exchange Ltd (BSE) Phiroze Jheejheebhoy Towers, Dalal Street, Mumbai – 400 001 Tel :91-22-2272 1234, 1233, Fax : 91-22-2272 3353/3355 Website : www.bseindia.com (ii) National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Tel : 91-22-2659 8100 - 8114 Fax : 91-22-2659 8237/38 Website : www.nseindia.com
(2) GDRs	EuroMTF of Luxembourg Stock Exchange, BP 165 L-2011 Luxembourg Traded at :Nasdaq – Portal Market
(3) Non Convertible Debentures	WDM Segment of National Stock Exchange of India Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Tel : 91-22-2659 8100 - 8114 Fax : 91-22-2659 8237/38 Website : www.nseindia.com
(4) Listing Fees	Paid for all the above stock exchanges for 2013-2014 and 2014-2015.
(vi) Address of Registered Office	No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028.
(vii) a) Stock Exchange Security Code for	
(1) Equity Shares	
(i) Bombay Stock Exchange Limited, Mumbai	(i) 508869
(ii) National Stock Exchange of India Limited, Mumbai	(ii) APOLLOHOSP
(2) GDRs	
(i) Luxembourg Stock Exchange	US0376082055
(ii) Nasdaq – Portal Market	AHELYP05
(3) Non Convertible Debentures	
(i) National Stock Exchange of India Limited, Mumbai	APOL17, APOL20, APOL21
b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE437A01024
c) ISIN Numbers of GDRs	Reg. S GDRs – US0376082055 Rule 144a GDRs – US0376081065
d) ISIN Numbers of Debentures	INE437A07062, INE437A07070 INE437A07088 & INE437A07096
e) Overseas Depositary for GDRs	The Bank of New York Mellon 101 Barclay Street, 22W, New York, NY 10286
f) Domestic Custodian for GDRs	ICICI Bank Limited Securities Markets Services, 1st Floor, Empire Complex, 414 Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel. +91-22-6667 2026 Fax +91-22-6667 2779/2740
g) Trustee for Debenture Holders	Axis Trustee Services Limited 2nd floor, Axis Bank Building, Bombay Dyeing, Pandurang Bhudkar Marg, Worli, Mumbai - 400 025 Tel. +91-22- 24255212 Fax +91-22-6667 2779/2740

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

VIII. Monthly High and Low quotations along with the volume of shares traded in NSE & BSE during the year 2013-2014

Month	National Stock Exchange (NSE)			The Bombay Stock Exchange, (BSE)		
	High	Low	Volume	High	Low	Volume
	(₹)		Numbers	(₹)		Numbers
Apr-2013	850.00	810.50	2,562,236	849.55	814.00	1,657,924
May-2013	1,097.85	819.55	17,221,948	1,096.15	820.60	1,734,864
Jun-2013	1,071.20	910.00	6,261,369	1,050.00	905.00	717,038
Jul-2013	1,054.00	927.15	4,710,079	1,052.00	928.60	343,828
Aug-2013	990.00	801.20	4,405,872	990.00	802.00	447,936
Sep-2013	949.00	845.00	3,968,747	949.55	842.00	277,344
Oct-2013	935.00	848.70	2,575,066	960.00	850.50	238,138
Nov-2013	927.00	830.05	2,277,556	925.00	824.30	215,440
Dec-2013	961.70	815.35	5,646,705	960.50	817.00	414,598
Jan-2014	987.65	876.05	3,073,072	987.00	879.80	348,901
Feb-2014	969.80	895.70	2,269,710	968.90	899.30	256,876
Mar-2014	925.00	852.10	2,572,021	925.00	852.50	168,601

IX. Apollo Share Price Vs Nifty



X. Registrar & Share Transfer Agent

Integrated Enterprises (India) Limited

"Kences Towers", II Floor, No.1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017

Tel. No.: 044 – 2814 0801, 2814 0803 Fax No.: 044 – 2814 2479 E-mail: sureshbabu@integratedindia.com

XI

1. Share Transfer System

Share transfer requests for shares held in physical form received by the Company are processed and the share certificates are returned within the stipulated time under the Companies Act and the listing agreement, provided that the documents received are in order and complete in all respects. Delays beyond the stipulated period were mainly due to disputes over the title to the shares.

The shares transferred (in physical form) during the year are as under.

	2013-2014	2012-2013
	(face value of ₹ 5/-)	(face value of ₹ 5/-)
Shares Transferred	83,898	20,874
Total No. of Shares as on 31st March	139,125,159	139,125,159
% of Share Capital	0.06	0.02

The Company obtains from a Company Secretary in Practice a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

2. Shareholders' Services

The status on the total number of requests / complaints received during the year was as follows:

Sl. No.	Nature of Complaints/Requests	Received	Replied	Pending
1.	Change of Address	200	200	-
2.	Revalidation and issue of duplicate dividend warrants	177	177	-
3.	Share transfers	148	148	-
4.	Split of Shares	11	11	-
5.	Stop Transfers	0	0	
6.	Change of Bank Mandate	135	135	-
7.	Correction of Name	3	3	-
8.	Dematerialisation Confirmation	413	413	-
9.	Rematerialisation of shares	6	6	-
10.	Issue of duplicate share certificates	19	19	
11.	Transmission of shares	100	100	-
12.	General enquiry	210	210	-

The Company usually attended to the investor grievances/correspondence within a period of 2 days from the date of receipt of the same during the financial year, except in cases that were constrained by disputes and legal impediments.

3) Legal Proceedings

There are four pending cases relating to dispute over the title to shares, in which Company had been made a party. However these cases are not material in nature.

4) Change of Address, Bank Details, Nomination etc.

All the members are requested to notify immediately any changes in their address, email id, bank mandate and nomination details to the Company's Registrar and Share Transfer Agents, Integrated Enterprises (I) Limited. Members holding shares in electronic segment are requested to notify the change of address, email id, bank details, nomination etc to the depository participants (DP) with whom they maintain client accounts for effecting necessary corrections. Any intimation made to the Registrar without effecting the necessary correction with the DP cannot be updated. It is therefore necessary on the part of the shareholders to inform changes to their DPs with whom they have opened accounts.

5) Transfer of unclaimed amounts to the Investor Education and Protection Fund

During the year, the Company has transferred a sum of ₹ 1.97 million as unclaimed dividend to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 and the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001.

XII 1) Distribution of Shareholdings as on 31st March 2014

No. of Equity Shares		Shares				Holders			
		Physical		Electronic		Physical		Electronic	
		Nos.	%	Nos.	%	Nos.	%	Nos.	%
1	500	1,146,141	0.82	1,881,785	1.35	7,700	21.25	25,033	69.08
501	1,000	475,934	0.34	778,051	0.56	628	1.73	1,017	2.81
1,001	2,000	515,260	0.37	722,152	0.52	304	0.84	460	1.27
2,001	3,000	330,858	0.24	388,391	0.28	124	0.34	153	0.42
3,001	4,000	352,144	0.25	332,416	0.24	99	0.27	92	0.25
4,001	5,000	79,454	0.06	199,575	0.14	17	0.05	43	0.12
5,001	10,000	787,815	0.57	887,880	0.64	99	0.27	123	0.34
10,001	above	523,079	0.38	129,724,224	93.24	22	0.06	324	0.89
Total		4,210,685	3.03	134,914,474	96.97	8,993	24.82	27,245	75.18
Grand Total		139,125,159				36,238			

2) Categories of shareholders as on March 31, 2014

Category code	Category of Shareholder	No. of Shaerholders	Total number of shares	Percentage to total no. of shares
(A)	**Shareholding of Promoter and Promoter Group**			
1	Indian			
(a)	Individuals/ Hindu Undivided Family	25	20,550,530	14.77
(b)	Bodies Corporate	5	27,237,924	19.58
	Sub Total (A) (1)	**30**	**47,788,454**	**34.35**
	Total Shareholding of Promoter and Promoter Group	**30**	**47,788,454**	**34.35**
(B)	**Public shareholding**			
1	Institutions			
(a)	Mutual Funds/ UTI	28	1,265,286	0.91
(b)	Financial Institutions / Banks	12	10,850	0.01
(c)	Central Government/ State Government(s)	1	323,708	0.23
(d)	Insurance Companies	5	3,712,201	2.67
(e)	Foreign Institutional Investors	333	57,803,321	41.55
	Sub-Total (B) (1)	**379**	**63,115,366**	**45.37**
B 2	**Non-institutions**			
(a)	Bodies Corporate	604	1,326,577	0.95
(b)	Individuals			
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	33,378	6,870,788	4.94
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	10	294,918	0.21
(c)	**Any Other**			
	Trusts	14	120,470	0.09
	Directors and their relatives	6	91,606	0.07
	Foreign Nationals	1	300	-
	Non Resident Indians	1,144	1,701,572	1.22
	Overseas Corporate Bodies	1	16,199	0.01
	Clearing Member	198	201,092	0.14
	Hindu Undivided Families	467	131,198	0.09
	Foreign Corporate Bodies	4	16,405,575	11.80
	Sub-Total (B)(2)	**35,827**	**27,160,295**	**19.52**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**36,206**	**90,275,661**	**64.89**
	TOTAL (A)+(B)	**36,236**	**138,064,115**	**99.24**
(C)	**Global Depository Receipts (GDRs)**			
	(1) Promoter and Promoter Group	Nil	Nil	Nil
	(2) Public	2	1,061,044	0.76
(C)	**Total Public Shareholding (C)= (C)(1)+(C)(2)**	**2**	**1,061,044**	**0.76**
	GRAND TOTAL (A)+(B)+(C)	**36,238**	**139,125,159**	**100.00**

3) Top Ten Shareholders* as on 31st March 2014.

S. No.	Name	No. of Shares	%
1	Promoters / Promoter Group	47,788,454	34.35
2	Integrated (Mauritius) Healthcare Holdings Limited	15,093,860	10.85
3	Oppenheimer Group	13,267,607	9.54
4	Newton / BNY Mellon	5,917,807	4.25
5	Fidelity	5,646,663	4.06
6	Schroders	4,215,448	3.03
7	Life Insurance Corporation of India	3,638,128	2.62
8	Capital Group	3,481,658	2.50
9	Abu Dhabi Investment Authority	2,592,687	1.86
10	Munchener Ruckversicherungsgesellschaft Akliengesellschaft in Munchen	2,397,380	1.72
	Total	**104,039,692**	**74.78**

* The top 10 shareholders have been grouped based on the beneficiary information received from the depositories and includes direct holdings and sub-accounts managed by them.

GDRs :

The details of high / low market prices of the GDRs at The Luxembourg Stock Exchange and Rule 144 A GDRs at Portal Market of NASDAQ during the financial year 2013-2014 are as under

Month	Reg. S			Rule 144 - A		
	High ($)	Low ($)	Closing ($)	High ($)	Low ($)	Closing ($)
Apr-2013	15.48	14.98	15.48	15.97	15.08	15.50
May-2013	19.43	15.33	17.84	19.46	15.32	17.76
Jun-2013	18.18	15.59	17.73	17.99	15.52	17.45
Jul-2013	16.92	15.43	15.43	17.00	15.57	15.57
Aug-2013	15.90	12.60	13.09	15.91	12.47	13.15
Sep-2013	15.14	12.51	14.85	15.12	12.58	14.87
Oct-2013	14.79	13.74	14.79	14.72	13.81	14.71
Nov-2013	14.81	13.35	13.35	14.76	13.39	13.39
Dec-2013	15.33	13.22	15.30	15.35	13.22	15.30
Jan-2014	15.30	14.41	14.85	15.33	14.45	14.93
Feb-2014	15.17	14.50	14.85	15.21	14.52	14.92
Mar-2014	15.35	14.04	15.35	15.28	14.04	15.28

Note : 1 GDR = 1 equity share.

XIII

1) Dematerialization of Shares

As on 31st March 2014, 96.97% of the Company's paid up equity capital was held in dematerialized form. Trading in equity shares of the Company is permitted only in dematerialized form as per a notification issued by the Securities and Exchange Board of India (SEBI).

2) Reconciliation of Share Capital Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary carries out the Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total listed and paid up capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, interalia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

XIV Outstanding GDRs or Warrants or any convertible instrument, conversion dates and likely impact on equity

(i) Pursuant to the resolution passed by the members in an Extraordinary General Meeting held on 24th May 2005, the Company had issued 9,000,000 Global Depositary Receipts (GDRs) and the details of GDRs issued and converted and outstanding (after adjusting the split of face value of ₹ 5/- per share) as on 31st March 2014 are given below :

Particulars		Nos.
Total GDRs issued		18,000,000
Add : Equity Shares converted into GDRs during 2011-2012		7,689,329
Equity Shares converted into GDRs during 2012-2013		10,949
Equity Shares converted into GDRs during 2013-2014		439,944
Less : GDRs converted into underlying equity shares		
2005-2006	4,415,068	
2006-2007	2,346,712	
2007-2008	1,515,600	
2008-2009	347,020	
2009-2010	49,600	
2010-2011	6,263,200	
2011-2012	5,396,660	
2012-2013	4,597,869	
2013-2014	147,449	25,079,178
Outstanding GDRs as on 31st March 2014		1,061,044

There is no change in the issued equity on conversion of GDRs into equity shares

XV Equity Shares in the suspense account :

The Company had sent three reminders to the shareholders to claim the shares. In response to our reminders, some of the shareholders have claimed and still 425,692 equity shares have not yet been claimed. Accordingly as per the requirements of Clause 5A(i) of the Listing Agreements the Company has transferred 425,692 unclaimed equity shares to the "Apollo Hospitals Enterprise Limited - Unclaimed Suspense Account."

The details of the unclaimed shares is being posted in the company's website under the column "Investor Relations".

The voting rights on the shares outstanding in the suspense account as on 31st March 2014 shall remain frozen till the rightful owners of such shares claim the shares.

XVI. Investors Correspondence

a. For queries relating to shares

Shri. Suresh Babu, Asst. Vice President
Integrated Enterprises (India) Limited
"Kences Towers", II Floor,No.1 Ramakrishna Street,
North Usman Road, T. Nagar, Chennai – 600 017,
Tel. No.: 044 – 2814 0801, 2814 0803,
Fax No.: 044 – 2814 2479
E-mail : sureshbabu@integratedindia.in

b. For queries relating to dividend

Shri. L. Lakshmi Narayana Reddy
Sr. General Manager -Secretarial
Apollo Hospitals Enterprise Limited, Ali Towers, III Floor, No. 55, Greams Road, Chennai -600 006.
Tel. No.: 044 -2829 0956, 2829 3896, Fax No.: 044 -2829 0956,
E-mail : apolloshares@vsnl.net, lakshminarayana_r@apollohospitals.com

Designated Exclusive email-id:

The company has designated the following email-id exclusively for investor grievances/services.
investor.relations@apollohospitals.com

XVII Hospital Complexes

Apollo Hospitals

Chennai	No. 21 & 24 Greams Lane, Off. Greams Road, Chennai – 600 006 Tel : 044 2829 3333/2829 0200
	320 Anna Salai, Nandanam, Chennai – 600 035 Tel : 044 2433 1741, 2433 6119, 4229 1111
	No. 646 T.H. Road, Tondiarpet, Chennai – 600 081. Tel : 044 2591 3333, 2591 5858
	Apollo First Med Hospital, No.159 E.V.R. Periyar Salai, Chennai – 600 010. Tel : 044 2821 1111, 2821 2222
	Apollo Children Hospital, 15-A Shafi Mohammed Road, Chennai – 600 006 Tel : 044 2829 8282, 2829 6262
	New No. 6, Old No. 24, Cenotaph Road, Chennai – 600 018 Tel : 044 2433 4455
	No. 134, Mint Street, Sowcarpet, Chennai – 600 079 Tel : 044 2529 6080/84
	No.64, Vanagaram to Ambattur Main Road, Chennai-600 095 Tel :044-2653 7777
	2/319 Rajiv Gandhi Salai (OMR), Karapakkam, Chennai – 600 097 Tel : 044-2450 5700
	No.5/639, Old Mahabalipuram Road, Kandanchavadi, Chennai – 600 096 Tel : 044-2496 3697
Madurai	Lake View Road, K.K.Nagar, Madurai–625 020 Tel : 0452 – 2580 199/2580 892/ 893
	Apollo First Med Hospital, No.484, B-West First Street, Near District Court, KK Nagar, Madurai – 625 020 Tel :
Karur	Apollo Hospitals, No. 163, Allwyn Nagar, Kovai Road, Karur – 639 002. Tel. : 04324 - 241900
Karaikudi	Managiri Sukkanenthal Village, Thalakkavur Panchayat, Kallal Panchayat Union, Karaikudi – 630 001 Tel: 045-6522 3700
Tiruchirappalli	Varaganeri Village, Chennai Madurai Bypass Road, Tiruchirappalli. Tel: 0431 3307777
Aragonda	Thavanampallee Mandal, Chittoor District, Andhra Pradesh – 517 129 Tel : 08573-283 220, 221, 222, 231
Hyderabad	#8-2-293/82-J-III/DH/900, Phase III - Jubilee Hills, Hyderabad – 500 033 Tel : 040-2360 7777
	H.No. 3-5-836,837 & 838 Old MLA Quarters, Hyderguda, Hyderabad – 500 029 Tel.: 040-2323 1380, 2338 8338
	Apollo Hospitals – DRDO, # 18-14, DMRL 'X' Roads, Kanchanbagh, Hyderabad – 500 058 Tel. No. 040 – 2434 2222 / 2211 / 3333
	# 22-1-26/1 & 22-1-25/1 Bhagyanagar Colony, Kukatpally, Hyderabad – 500 072 Tel. No. 040 – 2316 0039/41
	PET-CT Scan Centre, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033 Tel.No. : 040-2360 7777
	H-No. 9-1-87/1, Polisetty Towers, St. Johns Road, Secunderabad – 500 003 Tel. No. 040-2771 8888
Nellore	H.No. 16-111-1133, Muthkur Road, Pinakini Nagar, Nellore – 524 004. Tel: 0861-2301066/2321077
Karim Nagar	Apollo Reach Hospital, H.No.G.P.No.4-72, Subhash Nagar, Theegalgutta Pally, G.P.Arepally Rev. Village, Karim Nagar – 505 001. Tel. No.0878 220 0000
Visakapatnam	No.10-50-80 Waltair Main Road, Visakapatnam – 530 002 Tel.No.0891-272 7272, 252 9619
Kakinada	H-No. 13-1-3 Surya Rao Peta, Main Road, Kakinada – 533 001 Tel.No. 0884 – 2345 700/800/900
Mysore	Apollo BGS Hospitals, Adichunchanagiri Road, Kuvempu Nagar, Mysore – 570 023 Tel. No. 0821 – 256 6666, 256 8888

Bilaspur	Lingiyadi Village, Bilaspur – 495 001, Chattisgarh Tel : 07752–243300-02
Bhubaneswar	#251, Sainik School, Unit 15, Bhubaneswar – 751 003. Tel: 0674-6661016/1066/0413
Bangalore	154/11 Bannerghatta Road, Opp. IIM, Bangalore – 560 076 Tel. No. 080-4030 4050
Ahmedabad	Plot No.1A, GIDC Estate, Bhat Village, Gandhi Nagar, Gujarat – 382 428 Tel : 079-6670 1800
Kolkata	No. 58, Canal Circular Road, Kolkata – 700 054 Tel : 033-2320 3040
New Delhi	Sarita Vihar, Delhi Mathura Road, New Delhi – 110 044 Tel. No. 011-2692 5858
Nashik	Swamy Narayan Nagar, Off Mumbai Agra Highway, Near Lunge Mangal Karyalaya, Panchavati, Nashik - 422 003 Tel: 0253-2510350/2510450

Other Health Centres

Woodhead Tower, No. 12 CP Ramaswamy Road, Alwarpet, Chennai – 600 018
Tel. No. 044-0467 2200/2498 8866

Apollo Heart Centre, # 156, Greams Road, Chennai – 600 006
Tel : 044 2829 6923

Apollo Medical Centre, Plot No. C-150, 6th Cross, Thillai Nagar, Trichy – 620 018
Tel. No.0431-2740864

Apollo Emergency Centre, Rajiv Gandhi International Airport, Samshabad Hospital.
Tel.:040-2400 8346

Apollo Gleneagles Clinic, 48/1F, Leela Roy Sarani, Ghariahat, Kolkata – 700 019
Tel : 033 2461 8028

City Center, 1 Tulsibaug Society, Opp. Doctor House, Ellisbridge, Ahmedabad – 380 006
Tel. No. 079 6630 5800

Apollo Clinic, KR 28, VIP Road, Port Blair, Andaman 744 101 Tel : 03192 233550

Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

I, Preetha Reddy, Managing Director of the Company, hereby declare that the Board of Directors has laid down a Code of Conduct for its Board Members and Senior Management Personnel of the Company and the Board Members and Senior Management Personnel have affirmed compliance with the said code of conduct.

For **APOLLO HOSPITALS ENTERPRISE LIMITED**

Place : Chennai
Date : 2nd July 2014

SUNEETA REDDY
Managing Director

Auditors' Report On Corporate Governance

To
The Members,
Apollo Hospitals Enterprise Limited

We have examined the compliance of conditions of Corporate Governance by Apollo Hospitals Enterprise Limited, for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

17, Bishop Wallers Avenue (West)
Mylapore, Chennai – 600 004

For **M/s. S. Viswanathan**
Chartered Accountants

V.C. Krishnan
Partner

Place : Chennai
Date : 2nd July 2014

Management Discussion and Analysis

General Overview of Healthcare Services in India

India has had several achievements in the growth of its healthcare services sector since independence. The country inherited basic and limited healthcare infrastructure which was grossly inadequate to meet the demands of a large and diverse populace. From that starting point, India has emerged as a serious player in the global healthcare services delivery landscape with a multitude of world-class healthcare institutions imbibing the highest standards of clinical excellence.

While the public sector was the predominant service provider for most of the post-Independence era, over the last two decades the private sector in India has steadily grown and enhanced its quality of operations to emerge as the leading provider of the entire array of healthcare services. Though Government initiatives in the field of healthcare are largely critiqued, there have been several meaningful initiatives and innovative reforms.

Although, there has been reasonable progress in several areas, multiple deficiencies continue to exist in the delivery of healthcare services in India. These parameters need to be addressed immediately and effectively. Several Millennium Development Goals are unlikely to be achieved by 2015. Despite a considerable decline in child malnutrition rates over the past few decades, India continues to have the highest number of malnourished children in the world. While India is witnessing an increase in chronic disease related morbidity and mortality, it is yet to overcome health challenges posed by infectious diseases and under-nutrition. The country will need to battle this dual burden simultaneously. The growing rural – urban divide, abysmal state of public infrastructure, under-allocation of resources towards the sector and the increasing scarcity of qualified doctors indicate that India will be hard pressed to drive improvements in terms of key healthcare adequacy metrics for some time.

However, there have also been significant improvement in various offerings across the healthcare spectrum in India. This is apparent from the strides made in primary care to quaternary care, expertise across various specialties, adoption of technology-based treatments and large volumes of complex medical procedures being undertaken. The simultaneous progress and growth of allied offerings like diagnostics centres, medical & nursing colleges, pharmacies or medical insurance have resulted in extending and widening the reach of healthcare to all corners of the country.

The Healthcare Services Delivery Landscape in India

A detailed analysis of the healthcare system in India reveals that our health care model needs further augmentation on several vital parameters, namely:

- Health expenditure as a percentage of GDP
- Per capita spending on healthcare
- Doctor-to-Population & Hospital Bed-to-Population ratio
- Infant and maternal mortality ratio
- Size of the healthcare market

Healthcare spending as a percentage of GDP in India has reduced from 4.3% in 2000 to 3.7% in 2010. The decline in the proportion to GDP implies that the growth in expenditure on healthcare has not kept pace with the growth in GDP. The corresponding global average for healthcare spends as a percentage of GDP was 8.2% in 2000 and 9.2% in 2010.

Due to the low public expenditure and under-utilization of allotted resources, the private sector accounts for a major share of the total healthcare expenditure in India. While the proportion of Government expenditure to private expenditure has marginally improved from 26:74 in 2000 to 28:72 in 2010, India continues to report the highest proportions of private investment in healthcare spending by nations across the globe. The global average for proportion of public spending to private healthcare spending was 59:41 in 2010.

Another standout feature of the healthcare services delivery landscape in India is that out-of-pocket spends as a proportion of total healthcare spending continues to remain high at about 86% of total healthcare expenditure in 2010. This is due to a low public spend and moderate penetration of health insurance. The global average has remained steady at ~50% during the period from 2000 to 2010.

The global average for per capita spend on healthcare expenditure has significantly increased (in PPP terms) from US$ 564 in 2000 to US$ 1,017 in 2010. In India, the corresponding figures compare poorly despite growing from US$ 65 in 2000 to US$ 126 in 2010.

However, despite the progress made by the private sector over the years, infrastructure gaps persist in the industry. The bed availability in India stood at 9 per 10,000 by 2012 which was significantly lower than the WHO guideline of 30 beds per 10,000 population. In terms of availability of medical staff, the number of doctors and nurses available for every 10,000 was at 6.5 and 10.0 in India compared to the global average of 13.9 doctors and 29.0 nurses per 10,000 population. (Source: WHO World Health Statistics, 2013)

The existing healthcare system in India is heavily skewed in favour of the urban areas, which account for only 25-30% of the population. This disproportionate distribution of health services also results in increased cost of treatments, delays and sub-optimal treatments.

Further, the public perception about care and quality in a Government healthcare facility is not as favourable as compared to private healthcare delivery systems.

Ensuring healthcare for all calls for a multi-disciplinary & multi-pronged approach. Significant improvements in the delivery mechanism cannot be brought about by just changing or applying pressure on one factor and leaving the others unchanged. A model obsessed with controlling costs without paying attention towards changing other determinants will not lead to creation of a successful delivery system. Determinants like accessibility, quality standards, equitability, resource availability and equitable distribution need to be worked upon simultaneously to produce visible changes.

Key Characteristics

A track record of sustained growth over the last several years along with the potential for accelerated growth in the future has sharpened the focus on the healthcare services delivery sector. Fundamental strengths are contributing to a favourable view for investing into the sector and the industry in India which is characterized by the following:

Population growth and changing demographics

India's population is predicted to grow from approximately 1.2 billion in 2011-12 to over 1.5 billion by 2026. It is already the second most populated country in the world and is expected to surpass China by 2025. India is currently at less than a third of the recommended global benchmark of 30 hospital beds for every 10,000 members of the population (Source: WHO), Thus, there is already a significant backlog of healthcare infrastructure in the country. The continued population growth will result in additional demand for healthcare infrastructure. In addition to growth in population, increased life expectancy is leading to an increase in the absolute number of middle-aged and older adults, leading to a corresponding increase in demand for healthcare delivery systems and services.

Rising Burden of Non Communicable Diseases

The burden of non-communicable diseases (NCDs) is reaching alarming proportions in India. India is already the global capital for cardiac disease, diabetes and cancer. These diseases are driven by changes in lifestyle and shift in dietary patterns and now account for an increasing proportion of deaths. Apart from the standard disease profile within a population, our country is faced with the additional disease burden from NCDs which is intensifying the need for healthcare delivery and associated medical facilities.

Inadequate Public Infrastructure

In several countries around the world, healthcare delivery is the primary responsibility of the State. However, in India, due to the scale of demand and the resources required to adequately service that demand, public healthcare infrastructure has been found wanting. While there are several Public Healthcare facilities of repute these add up to a miniscule fraction of the overall requirements. Further, in many parts of the country even though public healthcare infrastructure is present it is poorly managed as it either lacks the adequate number of medical professionals, necessary medical equipment or basic standards of hygiene. Private healthcare service providers have emerged to cater to the unmet demand for quality healthcare services in India.

Rising per Capita Income and Quality Consciousness

The economic progress of the last few years has led to a rise in per capita and increased disposable income. This has resulted in a significant expansion of the addressable market for private healthcare providers. Further, consumer awareness has increased and patients are willing to pay for better infrastructure, improved diagnostic facilities, latest technology and best-in-class medical care. This is supported by increased health insurance coverage across the country leading to a preference for accredited facilities. Given these factors, patients are inclined towards private hospitals and the addressable market is expected to grow further paving the way for sustained growth of private healthcare service providers.

Emergence of Medical Value Travel

Deeper penetration of technology into everyday lives has broken traditional barriers and transformed the world into a global marketplace. This has led to the emergence of medical value travel. Patients can now evaluate healthcare institutions across the globe from the comfort of their own homes. They can assess clinical outcomes, confirm accreditation standards, evaluate physician success rates and compare healthcare costs at facilities in all corners of the world. Healthcare service providers who offer a compelling value proposition now attract patients from all corners of the globe. India is steadily rising up the ranks of emerging Medical Tourism destinations due to the quality of services offered by its private healthcare service providers.

Disparity in Health Infrastructure between urban and rural areas

The progress made by private healthcare service providers in the last few years has been mostly confined to urban areas. These areas are now home to a wide variety of facilities offering single specialty, multi-specialty, primary care, quaternary care as well as value added services and bespoke offerings. These urban markets cater to local residents as well as to international medical value travellers and also to a large share of patients from surrounding rural areas. Increased competitive intensity has resulted in pockets of oversupply in some of the urban areas. Semi-urban and rural areas are at the other extreme with several areas lacking even in basic amenities. Thus there is a vast disparity in offerings between the metros and urban centers vis-a-vis the semi-urban and rural areas in the country.

Evolving Business Models

Increased competition and the ever increasing cost of resources has encouraged innovation in the healthcare industry. The last two decades have seen the emergence of private hospital chains, single specialty chains and boutique healthcare centers. It is now common for healthcare service providers to focus on a single specialization such as eye care, orthopedics, cardiac care or maternity. These business models have proven effective in increasing efficiencies through higher volumes resulting in reduced costs while delivering comparable quality standards and success rates. Touch points have also multiplied with all-encompassing hospitals at one single location being replaced by multiple interface points such as standalone clinics, diagnostic centers and pharmacies. At the other end of the spectrum, integrated healthcare delivery centers like Medicities are also emerging as viable business models in the Indian healthcare services industry.

Increased focus from Investors

The long-term growth potential of the healthcare industry in India has never been in doubt. However, investors have been deterred by the track record of high capital intensity and elongated gestation periods. In recent years, steps to moderate capital intensity such as leasing of premises, franchising, operating and maintenance contracts, etc. have helped to somewhat mitigate such concerns. Further, innovative delivery models and value added services have led to increased capital efficiency and improved asset turns. This has resulted in multi-faceted growth in the healthcare industry even as several other industries are faced with slowing or declining growth due to the challenging economic conditions. As a result, there has been a notable increase in venture capital and private equity investments into the industry.

Retail Pharmacies

In India, pharmacies are the dominant distribution channel for pharmaceutical companies and generate a majority of overall sales. However, the industry is highly fragmented in nature and is dominated by the unorganized segment or stand-alone units which enjoy a comprehensive presence across the country. It is only in recent years that the organized segment has scaled up its presence by setting up chains of retail pharmacy stores.

There are approximately 800,000 pharmacies in India today with about 60,000 distributors. In value terms, the size of the total retail pharmacy market is estimated to be between ₹ 750,000 and ₹ 800,000 million. Out of this, the organised market accounts for approximately ₹ 30,000 million or less than 5% of the overall market.

Organized players are now making steady inroads into the market and gradually increasing their market share. They are responsible for the improved quality of retail services and have raised the bar on customer centricity by introducing trends like loyalty schemes, discouraging spurious drugs, tele-consultation services, private labels and value added services such as basic diagnostics and health insurance plans.

Entrants into the organised market comprise a mix of pharmaceutical or healthcare service companies, large corporates, entrepreneurs and even the Central and State Governments through the Jan Aushadi outlets and Karunya pharmacies.

The key challenges that need to be addressed are inefficient distribution and supply chains, counterfeit and spurious drugs, shortage of trained and qualified manpower, increased competition from international players and the prohibitive cost of real estate. The recent legislation fixing maximum prices for certain essential medicines has the effect of compressing profit margins in the industry.

However, the potential remains high and the sector is gradually maturing and will see increased innovation and improved scale from the larger players. In addition, the entry of global players will bring in increased sophistication and standards and set the tone for sustained growth in the retail pharmacy sector.

Health Insurance

For the purpose of regulation, health insurance companies are classified as non-life companies. Despite the country's worst slowdown in over a decade, the annual growth in premiums of the non-life insurance sector was a healthy 12% for 2013-14. Health insurance's annual premium collections were just over ₹ 70,000 million (Source: IRDA). Despite a healthy growth, profitability in the business remains a challenge due to the prevalence of a high claims ratio.

Though the health insurance industry is nearly 30 years old, the penetration level remains low with less than 20% of the population being covered by adequate health insurance. The industry was liberalised in the year 2000 which facilitated the entry of many private sector health insurers. Even then, the industry continues to be dominated by four public sector entities (National, New India, Oriental, and United India) that together have 60% market share. The rest of the share is spread over 17 private sector players including the standalone health insurance players.

The insurance penetration level in India is very low when compared with the global average. Over 80% of health care spends continues to be from private financing, much of which is out of pocket payments and employer funding. Prima facie it seems that there is significant scope for health insurance to grow further. However, there are several consumer prejudices which will take time to overcome.

The Industry is getting mature as the overall service levels and customer management standards are improving. The introduction of health insurance portability has offered more convenience to customers and has enhanced competition in the industry.

Co-ordination by the IRDA to address sustained losses in the industry by permitting revision in premiums and allowing for negotiation with hospitals has helped to improve the financial position of the industry. This is expected to spur further innovation and encourage introduction of customer friendly products which will pave the way for sustained growth in the years ahead.

SWOT Analysis

Strengths

Trusted and Preferred Brand: Your Company is well known as the first corporate hospital network in the country. An impeccable track record, several pioneering initiatives and the sheer number of surgeries with high success rates have helped to establish the "Apollo" brand as a premier brand in the healthcare sector in India. This brand value provides several tangible and intangible benefits such as the belief and trust that makes patients choose Apollo, the ability to attract doctors and other healthcare professionals ahead of competition, ability to appropriately price its healthcare services, sustained marketing benefits and a headstart in footfalls at new facilities.

Integrated Healthcare Delivery Model: Our presence in various initiatives across the healthcare services delivery chain gives up a competitive advantage and we are able to benefit from the following:

- Our pan-India presence in primary clinics, telemedicine, retail healthcare and other healthcare programs provide increased touch points for patient access.
- Captive market to cross sell businesses of pharmacies, health insurance and self-branded products.
- Ability to participate in a wider spectrum of the patient treatment cycle from diagnostics to hospitalisation to insurance coverage up to ongoing medication requirements post-hospitalisation
- Synergistic revenue streams which have differentiated characteristics in terms of resource use and capital intensity
- Access to qualified and trained medical resources through our educational initiatives

Scale: The network of 50 hospitals, 1,632 pharmacies and over 100 clinics and retail healthcare centres provide us with the following benefits:

- Cost efficiencies through sharing of managerial and clinical resources;
- Economies of scale and ability to obtain competitive prices from our suppliers and service providers due to centralized purchasing;
- The ability to absorb initial ramp up costs during the gestation period of new hospitals without significantly impacting overall operating performance

High Quality and mature facilities: The Company has a strong emphasis on clinical excellence in its operations. We conduct a large number of complex and high-end medical procedures with outstanding success rates and clinical outcomes. We have the largest number 8 of JCI accredited facilities by any single healthcare group in India / Asia and also have 10 facilities which are accredited by NABH. The first mover advantage has enabled your company to establish hospitals at prime locations in several cities in India at costs which cannot be replicated. Apart from that, 67% or 3,896 of our 5,811 operating beds are over 5 years old which indicates the strength and maturity of the business.

Arrangements with Doctors / Medical Personnel: Our consultant engagement model with senior doctors provides them the professional comfort and freedom to deliver optimal performance. Many of the doctors associated with us are prominent within the medical field having received accolades and awards or are heading national medical associations. We are also among the leading private healthcare services employers in India.

The medical colleges and training establishments within our group provide us with an abundant number of newly qualified medical personnel the lack of which can otherwise be a serious constraint to growth and efficiency.

Professional Management team with rich industry experience: Our management team comprises of senior professionals with abundant expertise and knowhow. They possess a proven track record in the healthcare services industry and have been instrumental in driving strategy and growth. The blend of doctors as well as qualified professionals for key functions has enabled the company to repeatedly balance the multiple objectives of delivering high standards of clinical excellence, best-in-class patient care, rapid technology adoption, value optimization and focus on key specialties while growing in a steady and calibrated manner.

Pioneer in Leveraging Technology: Your Company has been a pioneer in adopting cutting edge technology to elevate treatment quality and clinical standards in India. From introducing the first MRI machine in the country to the recent focus on robotics and the ongoing project to introduce the Proton Cancer Therapy in India, Apollo has consistently been at the forefront of introducing technology based treatments in India. This factor has been a key enabler for maintaining high clinical standards and helps to attract renowned doctors from India and abroad and in improving efficiency in operations.

Weaknesses

High intensity of resources: The healthcare services delivery business requires deployment of significant amount of resources which are either expensive or scarce or both. The upfront investment to set up a hospital is high as the 'per bed' cost to set up a tertiary hospital in an urban area can be upwards of ₹ 10 million per bed. This includes costs of building, construction costs, interiors and costs of plants & machines and medical equipment. Once operational, hospitals are also labour & skill intensive. Skilled manpower includes doctors, nurses and para-medical staff comprising lab-technicians, radiographers and therapists all of whom are in short supply in India. The overall requirement for such scarce resources makes it challenging to set up and profitably run a hospital in India.

Long gestation period: Apart from the significant upfront capital outlay on land, building and medical equipment at the time of setting up a hospital, operating costs are also high. Though there are exceptions, the average maturity time frame for a facility to turn net income positive is approximately 4-5 years. Inability to scale up occupancy in new facilities could adversely affect our operating efficiencies and our profitability. The establishment of marquee facilities which are now mature and generating positive cash flows has improved your Company's ability to service debt capital.

Lack of Regulatory Vision: There is a requirement of over 80 licenses and approvals to set up a hospital. There are multiple rules and regulations to adhere to even in day-to-day operations like importing medical equipment, setting up parking facilities at hospitals or adding or reducing staff. The present regulations pertaining to medical visas are a constraint to expand the share of medical tourism. The lack of proactive and favourable regulation has blunted some of the potential that the healthcare sector could have realized over the last several decades.

Scarcity of doctors and medical personnel: The hospitals business is skill & talent intensive. The quality of doctors and supporting healthcare professionals are critical to the quality and efficiency of the business. Top quality doctors and medical personnel are a finite resource and these professionals enjoy abundant opportunity in the form of entrepreneurial ventures, independent practice as well as competing offers from other service providers in India and abroad. Our continued performance and growth substantially depends on our ability to attract and retain the best of skilled medical talent and professionals.

Obsolescence of medical equipment: We use the latest medical equipment in our hospitals to provide top quality healthcare services. Due to the extent of global research and development into healthcare and frequent product improvements and evolving technology, the rate of obsolescence of equipment is high. Many times, such equipment can become redundant well before their projected useful life. Rapid obsolescence reduces the time frame for recovery of investment and dilutes capital efficiency.

Lack of Standardisation: Healthcare is an extremely dynamic industry and there are varied requirements even in markets which are reasonably proximate. Every market has a unique set of circumstances with variance in demographics, disease profiles, customer attitudes, seasonal variations, price sensitivity and so on. Even hospitals in two different cities in the same state will not be subject to identical operating circumstances. This requires a higher degree of customization and adaptability. The lack of standardisation necessitates increased intensity in the level of monitoring and clinical governance.

Complex business model: The hospital business is not a 'plug and play' business by any standard. Merely having all of the necessary resources is not a guarantee to success. Due to the many moving parts, rigorous management overview is required for sustaining clinical standards, balancing case mix, ensuring adequate volumes and regularly upgrading technology. In addition, there is a high level of doctor interaction combined with multiple operating metrics to monitor and analyse. The operating environment is dynamic and the organization has to appropriately respond to the ongoing challenges.

Opportunities

Increase in population and changing demographics: India is the second largest populated country in the world and is expected to see its population expand from 1.2 billion people currently to 1.5 billion people in 2015. Further, with increasing longevity the number of middle-aged and elderly people is expected to multiply. This will result in an increase in demand for all kinds of healthcare services manifold.

Change in disease patterns: India is the cancer, diabetes and heart disease capital of the world. This rising burden of non-communicable disease is a sad reality and a challenge that Indian healthcare service providers will need to effectively address. The increase in NCDs is an outcome of changing dietary patterns and alterations in lifestyle caused by increasing incomes and improved affordability. The sheer volume of cases will mean that a manifold increase in bed capacity will be required on a pan India basis to address this challenge.

Under penetration in semi-urban and rural areas: Notwithstanding the sophisticated healthcare facilities and pockets of over-capacity in certain urban centres, there continue to be several regions within the country where healthcare facilities remain woefully inadequate. Despite the ability and the willingness to pay for quality healthcare services patients in these areas are forced to opt for moderate or sub-standard facilities for lack of a better alternative. These catchment areas can prove to be low hanging fruit for healthcare service providers who are able to offer quality healthcare services with excellent clinical outcomes. We plan to serve the demand in some of these areas for quality healthcare services through our "REACH" initiative.

Increase in demand for elective surgeries: Given steady increases in disposable incomes and growing health awareness, there has been a manifold expansion in demand for elective or planned surgeries. Patients are now willing to undergo discretionary treatments and healthcare procedures where the goal is to enhance health and quality of life. These procedures are known as electives as patient can 'elect' to undergo these treatments. We intend to concentrate on this requirement and build a strong presence in this segment.

Increasing incidence of medical tourism: Earlier, patients would travel across borders to access high quality medical care which was unavailable in their home countries. However, these disparities are less common today and quality healthcare is available in various regions across the world. However, it is now commonly known that healthcare in developed countries is unaffordable for many. This has led to the increasing prevalence of medical value travel. In addition to regional peers like Singapore, Malaysia and Thailand, India is fast emerging as a preferred destination. Indian doctors are already highly regarded for competency and expertise. If India can continue to make progress on quality of healthcare delivery and facilities and ease the overall process, it could garner a significant market share of global medical tourism.

High number of under-performing facilities in India: Due to the attractive returns delivered by the leading healthcare companies in India, there is a perception that the healthcare business is highly remunerative. As a result, there has been a rush to set up healthcare facilities across the length and breadth of this country. However, the approach in several cases does not factor in the ground realities. Due to their inability to invest in the appropriate medical technology, absorb initial period losses, attract medical talent or increase footfalls, several medical facilities set up across the country are incurring operating and financial losses. This presents itself an opportunity for experienced hospital operators like us to acquire such facilities and leverage our strengths to turn them around.

Threats

Heightened competitive intensity: The increasing propensity for entrepreneurs and business houses to enter into the healthcare business has resulted in a spike in setting up of greenfield facilities, JVs and acquisitions. There are even pockets of over-capacity in some metros. In order to make these ventures remunerative after having invested significant funds, there is a chance that some of these players may resort to unsustainable pricing in order to gain market share.

Increasing cost of resources: The emergence of several domestic hospital chains combined with the entry of international players is leading to an increased number of competitors chasing finite resources such as land, quality medical professionals and potential acquisition targets. Demand growth is expected to outpace improved supply of these resources. A failure to acquire resources at fair and reasonable rates will impact the ability to suitably grow and expand our operations. Further, increases in operating costs can impact the Company's operations and financial condition.

Discontinuation of leases: The lands on which our hospital buildings and our stand-alone pharmacies are operating on are not owned by us. In case the lease arrangements relating to these properties are not renewed in our favour or on terms that are not favourable to us our business operations may suffer disruptions.

Losing out on the Medical Tourism Opportunity: Several countries in the Asia-Pacific region have woken up to the opportunity to attract Medical Tourists. These countries are providing incentives to domestic service providers in the form of subsidized capital, ease in permissions and tax benefits. Further, due to enhanced infrastructure and simplified visa norms, they are poised to grab a larger share of the opportunity. India will need to rapidly address issues and improve its competitiveness in this arena.

Withdrawal of tax incentives: Since fiscal 2011, we have benefited from the tax deduction given in respect of capital expenditure incurred on setting up new hospital projects. The resultant deferment of tax has helped to improve our immediate cash flows allowing us more resources to fund growth. Any withdrawal of tax incentives or increase in corporate tax rates will result in increased liabilities and reduced returns to the business.

Industry Outlook / Prospects

The healthcare services industry will need to work towards addressing the key issues plaguing the sector. In addition to the shortage and the inequitable distribution of health infrastructure across the country, the sector will have to tackle the shortage of doctors as well as the growing burden of lifestyle diseases. This will require innovative solutions and high investments; factual evidence suggests that creation of one bed in the tertiary sector entails an investment upwards of ₹ 8 million and ₹ 4 million upwards per bed in the secondary care sector.

For a transition towards the desired ratios of 30 beds per 10,000 population, over 2 million new hospital beds need to be created. Moreover, assuming a split of 70:30 between secondary and tertiary care, an investment of gigantic proportions is required.

Mobilizing a capital spending of this order for capacity building is neither possible for the Government nor for the private sector if they work in isolation. Hence, this calls for innovative out of the box solutions and development of new business models.

Better utilization of under-utilized Government infrastructure, incentivizing capital flows into the sector and leveraging on technology to reduce intensity of physical infrastructure are some of the options under consideration. It is likely that private players will continue to upgrade their skills and the overall healthcare market will be divided more categorically into sub-markets based on geographic location, complexity of care and economic strata of population being serviced.

Company Overview

Apollo Hospitals was founded by Dr. Prathap C. Reddy in 1979 and became a public listed company on the BSE in 1983 and was listed on the NSE in 1996. Your Company launched India's first corporate hospital in Chennai in 1983. Now, as Asia largest and most trusted healthcare group, its presence includes over 8,617 beds across 50 Hospitals, 1,632 Pharmacies, over 100 primary care & diagnostic clinics, 115 telemedicine units across 10 countries, health insurance services, global projects consultancy, 15 academic institutions and a Research Foundation with a focus on global clinical trials, epidemiological studies, stem-cell and genetic research.

Your Company is headquartered in Chennai and its diversified operations include multiple subsidiaries, joint ventures and associates. It runs large hospital clusters in Chennai and Hyderabad and has established landmark hospitals in Delhi, Bangalore, Kolkata, Ahmedabad, Pune, Bhubaneshwar, Madurai and Mysore.

Its healthcare facilities comprise a mix of primary, secondary, and tertiary care facilities. The tertiary care hospitals in the network provide advanced levels of care in over 50 specialties, including cardiac sciences, oncology, neurosciences, critical care, orthopedics, radiology, gastroenterology, and transplants. In addition, it is increasingly focusing on technology based treatment areas such as minimally invasive surgery, robotics and technology for cancer.

In addition to existing operations, the Group has several initiatives underway which includes setting up of the Proton Therapy Centre in Chennai. This will be the first of its kind in the Southern Hemisphere and is well placed to offer advanced oncology therapy to a combined population of over 3.5 billion people in Asia, Africa and Australia. It is also expanding its network of Retail Healthcare Centres including Dental Clinics and Lifestyle Birthing Centres. Significant efforts are also underway to integrate cutting edge technologies and innovative systems such as Paperless Hospitals, Tele-radiology, homecare services, wearable devices and personalized medicine into mainstream offerings.

Healthcare Services

Our healthcare services segment consists of hospitals, hospital-based pharmacies and projects and consultancy services. We have discussed the projects and consultancy services in a separate section in this Management Discussion and Analysis.

Hospitals

As of March 31, 2014 we had a capacity of 8,617 beds in 50 hospitals located in India and overseas. Of the 8,617 beds, 6,684 beds are in 39 hospitals owned by us and 1,933 beds are in 11 hospitals under our management through operations and management contracts

	31.03.2014	31.03.2013
Number of owned hospitals at end of period	39	38
Number of owned beds at end of period	6,684	6,382
Number of operating beds at end of period	5,811	5,549
In-patient discharges (Nos.)	331,678	313,348
Adjusted discharges (Nos.)	459,588	430,959
Average length of stay (days)	4.54	4.65
Average daily census	4,126	3,993
Bed occupancy rate (%)	71%	72%
Average revenue per occupied bed per day (₹)	23,684	21,702

Clinical Excellence

Apollo Hospitals has always accorded high priority to clinical excellence. It has identified the highest standards of clinical outcomes in various specialties across the globe and set itself targets to meet or surpass these standards. In the process it has developed an enviable track record of clinical excellence.

In order to ensure sustainable clinical outcomes the Company follows an internal quality management process known as the “Apollo Clinical Excellence” program which is referred to as “ACE @ 25”. This has been implemented across the entire network of hospitals. ACE @ 25 assesses performance based on 25 clinical parameters which are critical to delivering the very best clinical outcomes. In order to enhance its standards even further, the Company has introduced the Rocket ACE program which covers an additional 25 parameters leading to an advanced clinical performance assessment model for key focus areas.

During FY13, on the occasion of World Heart Day, the Group announced that it has completed 130,000 Heart Surgeries, since inception, which is by far the largest cardiac program across the globe. Further, the Group reported a success rate of 99.6% for these surgeries which places it among the leading healthcare entities across the globe on the basis of clinical standards.

A focus on clinical excellences enables Apollo Hospitals to continuously assess the quality of care provided to patients and allows it to objectively measure the consistency and success of its healthcare delivery services.

Accreditations

As the world becomes smaller and progresses towards a vision of becoming one large global marketplace, patients will increasingly be able to pick and choose a hospital facility in any part of the globe. In order to ensure standardization of healthcare delivery services across the globe, facilities are opting to be accredited by a credible agency or third party organisation which can evaluate and grade healthcare services according to a set of standards which are revised on a periodic basis.

Eight of our hospitals have received accreditations from the Joint Commission International, USA (“JCI”) for meeting international healthcare quality standards for patient care and organization management. JCI is the world’s premier accreditation body for evaluation of healthcare facilities. Our Hospitals at Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Ludhiana, Dhaka and Mauritius have already received the accreditation and we are in the process for preparing other facilities for evaluation.

In developing countries like India, where health services are delivered mainly through private health providers, regulation is a vital instrument and function of government policy. To that end, the government has set up the National Accreditation Board for Hospitals & Healthcare Providers (“NABH”) to establish and operate accreditation programmes for healthcare organisations in India. It is a constituent board of the Quality Council of India.

Apollo Specialty Hospitals in Chennai and Madurai and our hospitals at Ahmedabad, Noida and Secunderabad have received accreditations from NABH.

Strategy

We remain focused on capacity creation with the objective of simultaneously improving operating efficiencies. We aim to achieve this through:

Creation of new Healthcare Delivery Capacity in India: Our primary focus will be the delivery of healthcare services in India. The addressable market is large and is growing each year. We believe that there are several regions which are under-served and leading healthcare providers must strive to enhance their presence across the country. Mergers and acquisitions are not ideal for capacity creation and providers must strive to add new capacity or leverage unutilized facilities to ensure ‘incremental’ capacity is introduced to address the shortfall of healthcare infrastructure in the country. Our expansion initiatives complement our plans for the core segment of delivery of healthcare services.

Leveraging multiple formats to touch more patients: In addition to the healthcare services delivery business, our businesses of retail pharmacies, health insurance, medical education, telemedicine, projects & consultancy, lifestyle birthing centres and dental clinics provide us with multiple touch points to interact with patients. These touch points enable the brand to improve the connect with patients and also help to serve patients better near to their homes.

Focus on high acuity cases: The healthcare services market is large and diverse with multiple challenges which has to be addressed. However, since our resources are finite we need to focus on specific areas where we can optimize efforts and value. We have therefore identified cardiology, oncology, neurology, critical care, orthopedics and transplants as key focus areas for our tertiary care hospitals. We internally designate these focus areas as “Centers of Excellence”. We have invested significant resources to develop robotic surgery capabilities and have the largest solid organ transplant program in the world. We believe that it is essential to increase volumes of high acuity cases at our facilities to maximize our productivity in the healthcare services market.

Multi-pronged expansion plan: Despite a wide presence across the country there are many areas within the country where we wish to augment our presence. As branching out is a gradual process requiring gestation of new facilities, we need to selectively expand our presence across the country. We plan to augment our presence in major urban centres such as Chennai, Hyderabad, Kolkata, Bangalore and New Delhi where we already have a significant presence. We also wish to enter in cities like Mumbai, Patna and state capitals. By setting up multiple facilities in each of these cities we plan to develop 'clusters' of hospitals in several major urban centres in India which will help us to diversify and strengthen our network in these key markets. Thirdly, we plan to simultaneously augment our presence in Tier 2 and 3 cities in India through the REACH hospitals initiative.

Hub and Spoke Model: We have set up a network of Clinics, REACH Hospitals, pharmacies and telemedicine units. All these centres act as the primary touch point for patients. As setting up of these facilities is significantly less resource intensive vis-à-vis secondary or tertiary care facilities, we can apply differential strategies when adding such facilities either in urban centres or semi-urban centres. These centres will offer basic healthcare services and refer any high acuity cases back to the main hospitals. These facilities act as spokes and contribute to increased volumes of the entire network including the tertiary healthcare facilities. Similarly, we are implementing processes to facilitate outpatient departments and day care centres for all non-critical treatments at these facilities which will allow for a larger proportion of capacity at existing hospitals to focus on high end tertiary care.

Technology and new initiatives: The Apollo Hospitals Group has always been at the forefront of technology excellence and has been the first to leverage several innovative technologies for the benefit of patients. By employing the latest offerings, we have been able to enhance clinical outcomes, reduce ALOS and optimize value while improving the patient care experience. we plan to continue in the same vein with the increased thrust on Minimally Invasive Surgery and Robotics and the introduction of the ground-breaking Proton Therapy Centre in Chennai. We also plan to introduce new formats for healthcare delivery. These include lifestyle birthing centres, primary care clinics, dental clinics, larger sized pharmacy stores as well as units for teleradiology and telemedicine which have been positively received by patients across the network.

Cultivate Regulatory Support: The healthcare industry is facing multiple challenges on account of increased costs of capital, scarcity of medical resources, increased competition from regional markets, archaic laws and regulations. A single player in the industry will have a limited impact when championing for changes in regulation. Your Company has been one of the founding members of Healthcare bodies such as 'NATHEALTH' and the Healthcare Alliance which comprise several leading players of the Healthcare Industry as members. It is expected that these bodies will act as a unified voice for the Healthcare Industry and lobby for incentives and forward looking legislation intended to promote the growth of the healthcare industry in India.

Expansion Plans

Your Company has chalked out aggressive growth plans for the next 3 years which will see it adding around 2,200 beds to its existing base of 6,684 beds as of March 31, 2014. These new beds will be located in 12 hospitals which, when added to the current network of 39 hospitals, will take the overall network to 51 hospitals.

The expansion has been chalked out in a calibrated manner with a manageable number of beds coming on stream each year. Further, the strategy behind the expansion is to augment its pan-India presence in a balanced manner. This will consist of expansion of beds and facilities in centres such as Chennai and Bangalore where it already has a considerable presence. This will help it to become the dominant healthcare provider in key locations. We also plans to set up new hospitals in metros and large cities with no existing presence in order to reach out to a wider urban population. Its current expansion plan envisages entry into Mumbai, Indore, Patna and Vishakapatnam amongst other locations.

Lastly, it will simultaneously expand in Tier II and Tier III cities in India through its "REACH" hospitals initiative. The REACH initiative envisages setting up of secondary care facilities in these cities leading to a win-win situation for the Company as well as its patients. A large majority of cases can be handled at these hospitals and complex cases can be treated at tertiary care centres in Tier I cities.

The current expansion plan envisages an addition of 350 beds in REACH Hospitals in Nellore and Nashik, 300 beds across four facilities in Chennai and a 180 bed hospital in North Bangalore which adds to the existing presence in these cities. In FY15, the Company also plans to launch its first hospital in Mumbai of 350 beds as well as its first hospital in Indore comprising of 175 beds apart from a 250 bed hospital in Vizag. This will be supplemented by a hospital in Patna in FY16 and further expansion in Mumbai and Chennai Metros in FY17 and FY18.

In addition to the planned addition of beds and hospitals, there are several initiatives that will aid in expansion. The setting up of a Proton Therapy Centre in Chennai which will be the first of its kind centre for cancer treatment in the Asia Pacific Region will entail an investment of ₹ 4,200 million. This covers the cost of equipment and services including long-term operation and maintenance. There are plans to enhance retail healthcare presence with the rollout of clinics, dental care centres, lifestyle birthing centres and pharmacies.

The expansion plans are based on management estimates. The actual dates of completion and the actual number of new beds to be rolled out on completion of each planned project may differ from the estimated dates or numbers set out above due to various factors.

Capital Expenditure

Apart from the expansion plans outlined above we have made investments to increase bed capacity in existing centres and incurred maintenance and refurbishment costs. We have invested in new technologies, modernization of facilities and expansion of services. We believe that these investments will help us to attract and retain doctors and to make our hospitals a preferred choice for patients.

Our Board has approved a capital expenditure of around ₹ 21,000 million for our expansion plans stated above. Of this ₹ 6,000 million has already been invested and the balance ₹ 15,000 million will be invested in a calibrated manner over the next three years. This will be financed from existing funds, internal accruals as well as through debt funds. Capital expenditure primarily relates to expansion activities. The amount and purpose of these expenditures may change in accordance with business requirements.

Apollo REACH Hospitals

The Apollo "REACH" Hospitals initiative is aimed at setting up a network of secondary care facilities with around 100 to 200 beds each in Tier II and Tier III cities in India. Such facilities provide patients in these locations improved access to high quality healthcare services and technology.

We believe the service offerings provided by these facilities will be readily accepted by the population living in these locations. At the same time, it will help extend the Apollo Brand to all corners of the country. We have identified a number of Tier II and Tier III cities across the country that are currently under-served in terms of healthcare services but have a sizable population who are willing to spend on quality care. We believe we can set up high quality facilities at competitive costs to further our geographic reach to non-metros and smaller towns to address the latent demand.

The REACH model allows us to moderate the capital intensity when setting up a hospital. A reduced breakeven point allows operational flexibility. Further, these hospitals are located in smaller centres which are less populated and hence the footfalls and asset turnover is reduced. The volumes and case mix do not justify the investment into expensive and high-end equipment. However, the quality of care and visibility of the brand allows for a deep connect with patients. As the market in these centres mature and these facilities develop, the specialties and equipment phasing can be augmented in a calibrated manner.

Your Company has set up REACH hospitals in Tier II cities including Kakinada, Karaikudi, Karimnagar, Bhubaneshwar and Karur. In FY14, it inaugurated REACH Hospitals in Vanagaram, a suburb of Chennai as well as Trichy. In the near term, more such hospitals will be launched in Nashik and Nellore. All of the REACH hospitals have proven to be successful with healthy growth in volumes. The recently launched facilities in Chennai and Trichy are also witnessing good growth, we expect all the REACH Hospitals to become profitable and thereby add to the overall portfolio of the Company.

Medical Tourism

Your Company has a well established track record of catering to international patients. Several hospitals in the network, especially those in major urban centres such as Delhi, Chennai, Kolkata, Hyderabad, Bangalore and Ahmedabad handle large volumes of International patients.

From our experience, the primary criteria evaluated by these international patients is the quality of care. These patients choose our facilities after evaluating our doctors and medical teams for their expertise in a particular specialty and measuring their track record and clinical success rates. The number of facilities in our network which enjoy a JCI accreditation also works in our favour.

The other factor that has a bearing on the decision to choose a particular facility is its accessibility. Cities like Delhi, Chennai and Mumbai benefit from their accessibility to International locations. Centres like Hyderabad, Bangalore and Ahmedabad have witnessed a sharp improvement in travel infrastructure over the last decade but are yet to scale up accessibility to the levels of the metro cities.

India is considered as a medical destination by many given the fact that Indian doctors are highly skilled and regarded. India is being preferred for complex surgeries in the fields of cardiology, orthopaedics, neurology. Neighbouring countries such as Singapore, Thailand, Malaysia are able to attract patients for less critical ailments such as cosmetic surgery. These countries also gain an advantage from friendly and conducive regulation pertaining to medical visas as well as less onerous requirements for solid organ transplants.

Apollo enjoys a special standing as it has recently completed the 500th transplant on a Pakistani patient. We also have significant number of patients from the Middle East and from Africa.

We expect continued strong growth in the volumes of international patients. We have set up touch points in the form of clinics and telemedicine units. We are actively marketing our offerings by arranging medical camps and consultation with specialists who themselves fly to these centres. This helps to build a connect with patients and is a key catalyst to make them choose Apollo over other service providers. We have also created separate blocks for International patients in several of our facilities which will have suites of international standards.

The option of 'visa on arrival' for individuals of select nationalities at several airports across India is a step in the right direction. The impending launch of our hospitals in Mumbai in the next couple years is expected to further boost our volumes of international patients given the connectivity that Mumbai enjoys with key international locations.

Standalone Pharmacies

Your Company has been in the retail pharmacy business for the last 20 years. In the last 5 years there has been accelerated growth in the business. During this time, the network has expanded from around 350 stores to 1,632 stores currently. Through this journey there have several innovations by the company in terms of new store formats and introduction of value added services.

Such value added services include the initiative of a 'nurse station' where we provide paramedic services like bandage and dressing, blood pressure, etc are provided free of charge to our customers. We also introduced a service called ATM (Anytime medicine) – where patients can get priority delivery of medicines. Apart from this, we also launched a service known as compliance pack to help remind those patients who are prone to forgetting their medicine schedule.

This has been accompanied by a change in the product mix through the introduction of wellness products as well as self-branded products. When we started our operations, we were primarily selling pharmaceutical products which have now evolved to include more wellness products. We find that for stores located in the vicinities of hospitals and clinics, prescription drugs account for 75-80% of store turnover. Whereas in stores located near residential areas, it is the wellness products that sell the most.

We also tailor our product mix for each pharmacy. The product mix and display in pharmacies in the North will vary from those in the South. Apart from this, 40-45% of our business comes from loyal customers.

Each of our 1,632 outlets is looked at as a strategic business unit (SBU). We have a cluster analysis mechanism and each cluster is managed by an independent manager. We have standardised our systems for tracking the viability of each store in terms of its real estate costs, supply chain, cost-benefit ratios and various other routine operating metrics for retail pharmacy.

The profitability profile of this business has improved steadily due to maturity of stores, increasing proportion of private label products as well as rationalization of the store network through the discontinuation of unviable stores. Despite the DPCO order which impacted margins by around 1-2% across the pharmacy network, there has been an improvement in the operating margins during the year.

Projects & Consultancy

We provide comprehensive support and services to the healthcare delivery industry including pre-commissioning consultancy services comprising feasibility studies, infrastructure planning as well as design & advisory services (functional design and architecture review), human resource planning, recruitment and training and medical equipment planning, sourcing and installation services.

We also provide post-commissioning consultancy services, which include management contracts (providing day-to-day operational support), franchising and technical consultation including human resource planning and training and the establishment of medical and administrative protocols. We provide these services to third party organizations globally for a fee.

Apollo Health & Lifestyle Limited (AHLL)

AHLL is a wholly-owned subsidiary which houses our portfolio of retail healthcare businesses. Upto FY2010, we provided such services through franchised clinics but changed our business model from FY2011 to focus on self-owned clinics.

We believe that these clinics can act as a critical component of our integrated healthcare delivery model as they help to bridge the gaps between our existing facilities / formats and the customer. They also provide strategic benefits such as expanding the reach of the brand, addressing new categories of patients, expanding patient touch points, helping to seed the market prior to launch of a hospital facility and easing the pressure on the OPD ward of the main hospital.

Since these clinics are not resource intensive they can be set up in neighbourhoods and crowded urban areas enabling us to go to the customer rather than the other way around. Further, the ability to modify formats has helped to enhance the patient experience. For example, our lifestyle birthing centres have bright interiors and are designed to celebrate a new life whereas hospital facilities are associated with disease and recovery and offer limited design flexibility due to primary objectives of functionality and disease control.

We have launched a variety of clinics addressing problems related to liver, sugar, knee pain, advanced fever, etc. We have also rolled out 2 lifestyle birthing centers which are branded as ‘Cradle’. The rollout of Apollo White Dental Spas has also picked up pace in FY14.

As of March 31, 2014, we had a total of 100 clinics and we plan to add more clinics & cradles across the country over the next few years. Through our network of clinics, we aim to make quality healthcare services accessible to a larger cross-section of the Indian population. Our clinics are equipped to provide a wide range of healthcare services, from basic to advanced consultation and diagnostic tests. All of our clinics are equipped with a pharmacy and some of our clinics also offer telemedicine facilities to provide access to specialist doctors in multiple locations.

Medical Insurance – Apollo Munich Health Insurance

We entered the health insurance market through a joint venture with Munich Re – one of the leading insurance companies in the world. We believe there are significant synergies between our core healthcare services business, retail pharmacies and the health insurance business.

The health insurance industry continues to report healthy growth rates and is expected to grow with gross premiums scaling up at a CAGR of over 30% during the period 2010-11 to 2013-14.

Apollo Munich was able to expand its gross written premium from ₹ 6,200 million in FY13 to ₹ 6,930 million in FY14. We have been able to grow ahead of industry growth rates and our insurance products are rated very highly by market participants. Further, we enjoy one of the best claims ratios in the industry and customer loyalty and retention is high as the introduction of health insurance portability has not resulted in net migration of customers. We had 52 branches across the country and assets under management stood at ₹ 6,530 million as on March 31, 2014.

Discussion on Consolidated Financial Performance and Results of Operations

The following table present summaries of results of operations for the years ended March 31, 2013 and 2014:

	31.03.2014		31.03.2013	
	Amount ₹ in million	% of Income	Amount ₹ in million	% of Income
Operating Revenues	43,842		37,687	
Add: Other Income	215		302	
Add: Profit on Sale of Equity	-		63	
Total Income	44,057	100	38,052	100.00
Operative Expenses	21,501	48.80	18,558	48.77
Salaries & Benefits	7,275	16.51	6,231	16.37
Administration & Other Expenses	8,342	18.94	6,815	17.91
Financial Expenses	1,194	2.71	1,033	2.71
Depreciation & Amortization	1,678	3.81	1,424	3.74
Profit Before Income Tax	4,067	9.23	3,991	10.49
Provision for Taxation	1,018	2.31	1,051	2.76
Profit after Tax	3,049	6.92	2,940	7.73
Less: Minority Interest	(14)	(0.03)	(17)	(0.04)
Profit After Minority Interest	3,063	6.95	2,957	7.77
Add: Share in Associates	104	0.24	87	0.23
Profit After Share in Associates	3,167	7.19	3,044	8.00

Revenues

The 16% change in our operating revenues for FY14 compared to FY13 was primarily the result of an increase in occupancy and revenue per bed day (RPBD) for hospitals as well as strong growth in the SAP business. Health care services revenues grew by 18% from ₹ 25,617 million to ₹ 30,226 million. Revenue per Bed Day increased from ₹ 21,702 to ₹ 23,684. The increase in RPBD is largely a result of changes in the acuity of patients as well as better price realizations.

The number of stores within the network of Standalone Pharmacies was 1,632 as at March 31, 2014 as compared to 1,503 stores as at March 31, 2013. These rollouts together with maturity of existing stores led to a 24% yoy revenue growth in the standalone pharmacy segment (SAPs).

The following table shows the key drivers of our revenues for the periods presented:

	Year Ended 31.03.2014	Year Ended 31.03.2013	Increase (Decrease)	% Increase (Decrease)
Discharges (Nos.)	331,678	313,348	18,330	6
Revenues per patient (₹)	88,710	84,025	4,685	6
Average length of stay (days)	4.54	4.65	(0.11)	2
Out-patients (Nos.)	2,943,610	2,647,819	295,791	11
Revenue per bed day (₹)	23,684	21,702	1,982	9

Expenses

Salaries & Benefits (excluding managerial remuneration)

Our salaries and benefits expense of ₹ 5,865 million during 2013 increased by ₹ 1,053 million to ₹ 6,918 million in 2014. This increase was a result of annual compensation increases for our employees, plus the impact of an increasing number of employed physicians within our hospitals and pharmacists for the SAPs.

	Year Ended 31.03.2014	% of Revenue	Year Ended 31.03.2013	% of Revenue	₹ Increase (Decrease)	% Increase (Decrease)
Salaries, wages and benefits (excluding managerial remuneration) (₹ in million)	6,918	15.7	5,865	15.4	1,053	18.0
No. of employees	35,883		33,018		2,865	8.7

Operative Expenses

During 2014, our material cost of ₹ 21,501 million increased 16%, as compared to ₹ 18,558 million in 2013. The increase in material cost was in line with the growth in operating revenues.

The following table summarizes our operating and administrative expenses for the periods presented

	Year Ended 31.03.2014 ₹ in million	% of Revenue	Year Ended 31.03.2013 ₹ in million	% of Revenue	₹Increase (Decrease)	% Increase (Decrease)
Repairs and maintenance	1,157	2.63	952	2.50	205	21.6
Rents and leases	1,309	2.97	1,139	2.99	170	14.9
Outsourcing expenses	822	1.87	633	1.66	189	29.9
Marketing and advertising	1,152	2.61	889	2.34	263	29.6
Legal and professional fees	412	0.94	429	1.13	(17)	(3.9)
Rates & taxes	279	0.63	104	0.27	175	168.0
Provision for doubtful debts & Bad debts written off	204	0.46	174	0.46	30	17.5
Other operating expenses	3,007	6.82	2,495	6.56	512	20.5
Total	**8,342**	**18.9**	**6,815**	**17.91**	**1,527**	**22.4**

Depreciation & Amortization

Our depreciation & amortization expense increased to ₹ 1,678 million during 2014, as compared to ₹ 1,424 million during 2013. The increase is largely due to capital improvement projects completed during 2013 and normal replacement costs of facilities and equipment.

Financial Expenses

Our financial expenses increased to ₹ 1,194 million during 2014, compared to ₹ 1,033 million during 2013. The increase is largely due to higher interest charge arising on commissioning of new hospital projects at Chennai, Bengaluru and Trichy.

Provision For Income Taxes

The provision for taxes during the year ended March 31, 2014 is ₹ 1,018 million compared to ₹ 1,051 million in the previous year ended March 31, 2013 due to availing of benefit under section 35AD of the Income Tax Act that allows weighted deduction of 150% of project cost of new hospitals commissioned during the year.

Liquidity

Our primary sources of liquidity are cash flows generated from our operations as well as long-term borrowings. We believe that our internally generated cash flows, amounts available under our debt agreements and the further debt that is proposed to be raised will be adequate to service existing debt, finance internal growth and deploy funds for capital expenditure.

Capital Expenditure

As we continue to increase bed capacity and roll-out new hospitals, capital expenditures continue to be high. We have made significant, targeted investments at our hospitals to add new technologies, modernize facilities and expand our services. These investments should assist in our efforts to attract and retain physicians and to make our hospitals more desirable to our employees and potential patients.

Summary of Cash flow statement is given below

(₹ in million)

	2013 - 2014	2012 - 2013
Cash and cash equivalents at beginning of the year	3,200.64	2,368.38
Net cash from operating activities	3,733.89	4,427.52
Net cash used in Investing activities	(3,558.28)	(7,325.19)
Net cash from financing activities	(634.77)	3,729.93
Net increase in cash and cash equivalents	(459.17)	832.26
Cash and cash equivalents at the end of the year	2,741.47	3,200.64

Cash Flow From Operating Activities

Net cash of ₹ 3,734 million was generated from operating activities by the Company in FY14 compared to ₹ 4,428 million in FY13.

(₹ in million)

	2013 - 2014	2012 - 2013
Operating profit before working capital changes	6,966.90	6,254.72
Effect of working capital changes	(2,140.45)	(898.88)
Foreign Exchange gain / loss	11.21	(0.90)
Cash generation from operations	4,826.45	5,417.88
Taxes paid	(1,103.77)	(927.42)
Net cash provided by operating activities	3,733.89	4,427.52

Cash Flow From Investing Activities

(₹ in million)

	2013 - 2014	2012 - 2013
Purchase of fixed assets	(5,958.42)	(6,600.08)
Sale / (Purchase) of investments	2,302.18	(1,071.14)
Interest and Dividend received	97.96	283.08
Others	-	(0.04)
Sale of AHSL equity (Extraordinary Item)	-	62.95
Net cash used in investing activities	(3,558.28)	(7,325.19)

Net cash used in investing activities includes capital expenditure on new hospitals projects and upgradation of existing facilities. The short term investments in mutual funds were redeemed partly during the year to finance the projects.

Cash Flow From Financing Activities

(₹ in million)

	2013 - 2014	2012 - 2013
Issues from share capital	72.45	1,631.40
Proceeds from Borrowings	2,321.79	5,934.74
Repayment of finance/lease liabilities	(1,060.03)	(2,247.20)
Interest and Dividend paid	(1,968.99)	(1,589.00)
Net cash from financing activities	(634.77)	3,729.93

Cash provided by financing activities in FY14 resulted primarily from loans availed from bankers and financial institutions. We used part of the proceeds from financing activities to repay loans of ₹ 1,060 million in FY14. We paid interest and dividend of ₹ 1,969 million in FY14.

Risk Management & Internal Controls

Risk Management

As your Company expands the scale of operations to include a large number of hospitals, primary healthcare facilities, pharmacies and retail healthcare touch points and widens its network to reach out to patients from all corners of the globe, it is aware that it is being exposed to an increasing degree of risk. A comprehensive risk management system has been implemented to ensure that risks are contained within manageable levels.

A Risk Management Committee headed by the Managing Director has been constituted which will identify, assess, prioritize, manage, monitor and communicate suitable measures to manage such risks. The executive management team reports to the Board of Directors periodically on the assessment and minimization of such risks.

These risks can adversely impact the functioning of the Company through their effect on operating performance, cash flows, financial performance, management performance and overall sustainability of the Company.

The risks that may affect the functioning of the Company include, but are not limited to:

- Competitive intensity and new entrants to the market;
- Pace of obsolescence of technology and treatment methods;
- Inflationary pressures and other factors affecting demand for our products;
- Increasing costs of materials, transport and storage;
- Labour shortages and attrition of key staff including medical professionals;
- Increased compliance and regulatory challenges;

Your Company has a defined Risk Management Model to identify potential risks, treatment and monitor the occurrence of risk.

Risk Identification: Monitoring and identification of risks is carried out at regular intervals with a view to improve existing processes and procedures. This assessment is based on risk perception survey, business environment scanning and inputs from shareholders.

Risk measurement and treatment: After risks have been identified, risk mitigation and solutions are defined in order to bring risk exposure levels in-line with the risk appetite.

Risk reporting: We have an established Risk Council to deal with any reported risks. In addition, a quarterly risk report is presented to our Risk Management Committee, which reviews the Enterprise Risk Management program to assess its efficacy to manage the risk.

Internal Controls

Your Company and its subsidiaries have established a wide-ranging system of Internal Controls to ensure that all assets are safeguarded and protected. Further, it has processes in place to ensure that all transactions are evaluated, authorized, recorded and reported accurately.

Your Company has also put in place an extensive budgetary control review mechanism whereby the management regularly reviews actual performance in comparison to forecasts. Any significant deviation from forecasts is reviewed and assessed rapidly to identify any market trends or shortcomings in service offerings.

The system is designed to adequately ensure that financial and other records are accurate and reliable for preparing financial information and other data. The internal control procedures are augmented by an extensive programme of internal, external audits and periodic reviews by the management.

Human Resources

Successful companies across the world are recognized by their people and the innovations they bring to bear. This ethos has always underlined the human resource agenda at Apollo Hospitals and hence the financial year 2013 -14 too witnessed numerous initiatives and endeavours purpose-designed to enhance the company's people capital.

New members were brought into the Apollo family fold to resource the new hospitals opened in Chennai, Bangalore and Trichy. As of 31st March, 2014 we had a total employee strength of 35,878 (including employees of our subsidiaries, joint ventures and associates). A keen focus to connect people and performance witnessed the introduction of 'Apollo Big Minds' - An Employee suggestion scheme which encourages employees to contribute ideas for improvement. A study by NPC (National Productivity Council) was implemented to help assess optimum manpower required for smooth running of the hospital network.

Significant strides were taken in rolling out training & development initiatives such as the implementation of:

- Apollo Future Leadership Program
- Sojo Koka - A soft skill development programme for all our Consultants & other doctors
- Competency Coaching Program for the Nursing Leaders
- Leadership Development program for all CXO's and Business Heads by PwC
- Nomination of Apollo Mid and Senior Leadership Resources to various External Training Programs like AIMA, Brand Wealth, GAMP, IIM Trichy, NHRD and World HRD Congress

Employee engagement was a keen focus area and the success of the programs introduced over the year across the group was reflected in the high engagement scores in both the employee and consultant surveys undertaken. We adopted the Human Sigma wherein we used Employee Engagement to drive Customer Engagement leading to growth in business results. We partnered with Gallup worldwide to measure Customer & Employee Engagement. In the first wave of engagement we have been listed in the top 30 companies to work for in the World. The strategic focus also encouraged employee across the group to put forth abundant suggestions for initiatives that led to significant saving in costs.

In a business environment becoming more globally integrated and competitive than ever before, the need to measure more to manage better, gained greater significance and in keeping with this development, the senior management appraisal process was reviewed and re-engineered to be more holistic and have a stronger linkage to business performance.

A positive trend observed this year was that manpower attrition decreased on a year on year basis by 2%. The organizational values system reinforced across the Group resulted in enhanced patient centric behaviours driving up the service excellence parameters to new heights. The Voice of Customer (VoC) methodology that was created is an integrated system that captures customer voice from all touch points and provides early warnings and direction for our success, directly from people who really matter; our customers. This has won several laurels in domestic and international forums.

It is said that technology is integral to an innovation ecosystem and investment into an enterprise-wide Oracle Fusion HCM as the HRMS Solution was made for the entire group. A transformational tool, it will be harnessed to drive value to the business by creating a modern employee experience and by providing real time employee data for decision makers.

The tenets of Passion, Purpose, People and Profits in the journey of healing were amplified across the organization and in addition several path breaking policies were also introduced. A specific emphasis was laid out on 'Protection against Sexual Harassment and Safety of Woman at the Workplace.' A greater impetus to recruitment from premier business schools led to young managers coming on board across the group businesses.

Recognition is said to be the greatest motivator and bearing this in mind, over the years, Apollo had introduced several innovative felicitation programs for employees. This year, the spot reward entitled "I Made a Difference" was introduced and was received very favourably by all in the workforce. Cohesive team work within teams across business verticals was incentivised with a monetary reward program.

Apollo emerged as a recipient of numerous prestigious Indian and international awards as follows:

- Apollo Hospitals was the winner of the prestigious SKOCH ORDER-OF-MERIT Award for Best On-Boarding Solutions for the year 2013.
- Voice of Customer Methodology that was put into practice has been awarded in the category as "Breakthrough Innovation in Service Delivery" by the All India Management Association and has been listed amongst the top 30 innovations of the country in 2013. It has also been recognized in the Hospital Management Awards Forum in Bangkok as the "Best Innovation in Operational Excellence".
- Apollo Hospitals has been awarded by Asian Learning & Development Leadership Awards in two categories namely The Best Customer Service Training program in an organization and The Best Training Initiative in Health Care.
- Apollo Hospitals won the Asia HRD Awards 2013 for Contribution by HR to an Organisation in Jakarta.

Above all in an effort to improve employee morale and happiness, a new HR service delivery format was adopted and the human resources team is steadfast in the pursuit to make the organization, one amongst the globally preferred employers.

Cautionary Statement

Some of the statements in this Management Discussion & Analysis, describing the Company's objectives, projections, estimates, expectations and predictions may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important developments that could alter your Company's performance include increase in material costs, technology developments and significant changes in political and economic environment, tax laws and labour relations.

Clinical Governance

Clinical Governance at Apollo Hospitals, is a framework that supports a systematic, sustained approach to quality improvement. It encompasses all the systems and processes that ensure safe and effective care delivery.

Clinical Governance plays a guiding role in improving the standard of clinical practice, while upholding the commitment to maintain and improve the quality of care provided to our patients by our clinicians – care that is accountable, systematic and sustainable. The Clinical Governance at Apollo Hospitals, Chennai signals, supports and strengthens initiatives to enable the hospital in providing quality healthcare in a safe, friendly, healing and holistic environment.

Clinical departments are constantly reviewed to identify variances that impact adversely on patient care and safety in the clinical delivery through patient feedback, clinical audit and review and tracking of clinical outcomes. Policies and improvement processes are then implemented which will foster good practices in contributing towards best outcomes for patients.

Clinical Audit

ACAT (Apollo Clinical Audit Team) from 33 locations constituting 17 auditors went across the Apollo Hospitals ecosystem for auditing ACE @ 25 parameters. Parameters performances, data collection methodology, key efforts for ACE were reviewed and reports were submitted to respective locations for further improvement.

Apollo's Safe Surgery Initiative

Apollo Hospitals, Chennai has implemented a customized version of the WHO Surgical Safety Checklist in all the operating rooms, in conjunction with a Checklist introduction program for anesthetists, or staff, and surgeons. This initiative aims to decrease the likelihood that patients undergoing surgery in our hospitals will suffer from preventable complications. The WHO Surgical Safety Checklist was originally studied in an eight center multi-country pilot study and the results were published in the January 2009 New England Journal of Medicine Article, A Surgical Safety Checklist to Reduce Morbidity and Mortality in a Global Population. The use of the checklist reduced the rate of deaths and complications by more than one-third.

Annual Performance Review for Clinical Parameters

An Annual review of performance of all clinical specialties was held during February 2014. Each department presented its OP/IP statistics, procedures/surgeries done, complications, Quality indicators, best practices, paper presentations, affiliations and future plans.

Education & Training

Basic Life Support Training was imparted to all employees at Apollo Hospitals, Chennai. Regular training classes were conducted to train them on CPR and other life saving techniques.

Newly joined Consultants of Apollo Hospitals Group were oriented on JCIA standards, Organizational and Departmental requisites.

Achievements

Personalized health Check-up (PHC)

Over the last 3 decades we have the accumulated experience of having conducted more than 8 million health checks – the highest in the world. This experience combined with our expertise and certified processes give us the ability to create an Apollo Personalized Health Check that is so accurate, with results that anyone can trust.

The Personalized Health Check will suggest clinical tests to an individual only based on inference from an initial thorough physical and clinical examination performed by our experienced and renowned clinical team. We will soon bring in genetic profiling component into the personalized health check which will be an adjunct the health check and help you modify your lifestyle for a better tomorrow. We at Apollo believe in taking care of our customers even after they leave our hospitals: you get a free insurance cover for one year if you 'pass' our health check.

Apollo Hospitals, Chennai performed the first simultaneous Kidney-Pancreas transplant in South India

A team of surgeons led by a transplant surgeon operated on a 52-year old diabetic patient with kidney failure at Apollo Hospitals, Chennai. Reportedly, this is the first to be held in South India.

Simultaneous kidney pancreas transplant is an operation to place the kidney and pancreas at the same time in a patient who has kidney failure and also suffers from diabetes, needing very high insulin dose to control sugars. Diabetic patients with kidney failure need a kidney transplant to prolong their life. Steroids used as immunosuppressant's make treatment of diabetes difficult and poorly controlled sugar levels will continue to affect the rest of the body including the transplanted kidney. However, performing a pancreas transplant eliminates these problems by optimally controlling sugar levels and protect the transplanted kidney from future effects of diabetes. Additionally, it will also help reverse the effects of diabetes on other systems including peripheral neuropathy thus protecting the limbs.

Independent Auditors' Report

To the Members of Apollo Hospitals Enterprise Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Apollo Hospitals Enterprise Limited (the company), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

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

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

   c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013

   e) on the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act

   f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act,1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid,no cess is due and payable by the Company.

New No. 17, Bishop Wallers Avenue (West),
Mylapore, Chennai – 600 004

For **M/s S Viswanathan**
Chartered Accountants
FRN : 004770S

V C Krishnan
Partner
Membership No: 022167

Place: Chennai
Date :28th May 2014

Annexure to the Independent Auditors' Report

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Apollo Hospitals Enterprise Limited. On the accounts of the company for the year ended March 31, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets.

   (b) The company has a program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were observed by the Management on such verification.

   (c) In our opinion and according to the information and explanations given to us, the fixed assets that have been sold/disposed off during the year do not constitute a substantial part of the total fixed assets of the company. Hence, the going concern assumption has not been affected.

2. (a) Stock of medicines, stores, spares, consumables, chemicals, lab materials and surgical instruments have been physically verified at reasonable intervals by the Management.

   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock of medicines, stores, spares, consumables, chemicals, lab materials and surgical instruments followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the Management as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses 3 (b), 3(c) and 3 (d) of the order are not applicable to the Company.

   (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (f) & (iii) (g) of paragraph 4 of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of special nature and suitable alternatives sources do not exists for obtaining comparable quotations, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of stores, medicines and fixed assets for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

   b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable, having regard to the prevailing market prices.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and provisions of Section 58A, Section 58AA and other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public including unclaimed deposits matured in earlier years that are outstanding during the year. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. The Company has firms of Chartered Accountants, including a Private Limited Company as Internal Auditors for its various divisions and pharmacies. On the basis of the reports submitted by them to the Management, in our opinion, the internal audit system is reasonable having regard to the size and nature of its business.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for any of the activities of the Company.

9. (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, Customs Duty, Cess, Wealth Tax and other statutory dues applicable to it. To the best of our knowledge and according to the information and explanations given to us, there are no arrears of outstanding statutory dues as at March 31, 2014 for a period of more than six months from the date they became payable. To the best of our knowledge and belief and according to the information and explanations given to us, excise duty is not applicable to this Company.

   (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues disputed with respect to Cess, Wealth Tax and Service tax. The particulars of Sales tax, Customs duty and Income tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in million) 31.03.2014	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax	Sales tax	0.52	Assessment Years 2001-02 & 2002-03	@ Appellate Tribunal Hyderabad
Customs Act, 1962	Customs duty	99.70	1996,1997	# Assistant Collector of Customs (Chennai, Hyderabad & Customs duty)
Service Tax	Service tax	20.82	2013-14	CESTAT, Delhi
Value Added Tax Act, 2004	Value Added Tax	2.27	2008-09, 2009-10, 2010-11	##Deputy Commissioner of Commercial Tax (Enforcement), Chennai
Income Tax Act, 1961	Income Tax	66.72	Assessment Year 2008-2009 2009-2010	Department has gone on appeal to ITAT
		38.95	Assessment Year 1996-1997, 1999-2000, 2000-2001 2001-2002	Department has filed appeal before Madras High Court
		94.14	Assessment Year 2010-2011 2011-2012	CIT (Appeals)
		136.76	Assessment Year 2000-2001	@@Honourable Supreme Court
		0.16	Assessment Year 2009-2010, 2010-2011 & 2011-12	CIT (Appeals)
TOTAL		**336.73**		

@ refer clause (i) (c) Note 28 - Notes forming part of Accounts
@@ refer clause (i) (c) Note 28 - Notes forming part of Accounts
# refer clause (i) (c) Note 28 - Notes forming part of Accounts
refer clause (i) (c) Note 28 - Notes forming part of Accounts

10. In our opinion and according to the information and explanations given to us, the Company has no accumulated losses as at March 31, 2014. The Company has also not incurred cash losses in such financial year and in the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions, banks and debenture holders.

12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to the information and explanations given to us, the Company is not a Chit Fund, Nidhi, Mutual Benefit Fund or Society and hence Clause (xiii) of the Companies (Auditor's Report) Order, 2003, is not applicable to the Company.

14. Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts relating to shares, securities, debentures and other investments dealt in by the Company and timely entries have been made in the records. We also report that the Company has held and dealt with shares, securities, debentures and other investments in its own name.

15. In our opinion and according to the information and explanations given to us, the Company has given guarantees for loans taken by Joint Venture Companies, subsidiaries, from banks and financial institutions, the terms and conditions whereof are not prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us, the Company has availed term loans and the said term loans have been used for the purpose for which the term loans have been obtained.

17. In our opinion and according to the information and explanations given to us, the Company has not used any funds raised on short term basis for long term investments.

18. During the year the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act 1956 and hence Clause 4(xviii) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.

19. During the year the Company has not issued any debentures and hence Clause 4(xix) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.

20. During the year the Management has not raised money through public issue and hence Clause 4(xx) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.

21. According to the information and explanations given to us, by the Company, no fraud on or by the Company has been noticed or reported, during the year.

New No. 17, Bishop Wallers Avenue (West),
Mylapore, Chennai – 600 004

For **M/s S Viswanathan**
Chartered Accountants
FRN : 004770S

V C Krishnan
Partner
Membership No: 022167

Place: Chennai
Date :28th May 2014

Balance Sheet

As at 31st March 2014

(₹ in million)

	Particulars	Note	31.03.2014	31.03.2013
I.	EQUITY AND LIABILITIES			
1	**Shareholders' funds**			
	(a) Share Capital	2	695.63	695.63
	(b) Reserves and Surplus	3	28,951.62	26,580.34
2	**Non-current liabilities**			
	(a) Long-term Borrowings	4	10,052.40	8,787.77
	(b) Deferred tax Liabilities (Net)	5	3,288.58	2,394.11
	(c) Other Long term Liabilities	6	27.58	37.65
3	**Current liabilities**			
	(a) Short-term Borrowings	7	159.30	189.28
	(b) Trade Payables	8	2,487.23	1,763.42
	(c) Other Current Liabilities*	9	1,587.21	1,941.34
	(d) Short-term Provisions	10	1,316.35	1,154.35
	TOTAL		**48,565.90**	**43,543.89**
II.	ASSETS			
1	**Non-Current Assets**			
	(A) Fixed Assets			
	(I) Tangible Assets	11	19,759.12	16,774.72
	(Ii) Intangible Assets	12	127.88	140.41
	(Iii) Capital Work-in-Progress	13	4,635.73	3,579.23
	(Iv) Intangible Assets Under Development		173.85	148.07
	(b) Non-Current Investments	14	5,417.61	5,254.50
	(c) Long-Term Loans and Advances	15	4,876.08	3,227.58
2	**Current Assets**			
	(a) Current Investments	16	1,482.67	3,705.85
	(b) Inventories	17	2,649.74	2,053.88
	(c) Trade Receivables	18	4,684.51	4,266.09
	(d) Cash and Cash Equivalents	19	2,088.98	2,554.66
	(e) Short-Term Loans and Advances	20	2,489.34	1,685.81
	(f) Other Current Assets	21	180.39	153.09
	TOTAL		**48,565.90**	**43,543.89**
III.	NOTES FORMING PART OF ACCOUNTS	1-43		

* includes a portion of long term borrowings of ₹ 582.91 million payable within the next 12 months.

As per our Report annexed

For and on behalf of the Board of Directors

For M/s. S. Viswanathan
Chartered Accountants
Firm Registration No. 004770S

Krishnan Akhileswaran
Chief Financial Officer

Dr. Prathap C Reddy
Executive Chairman

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Place : Chennai
Date : 28th May 2014

Statement of Profit & Loss

for the year ended 31st March 2014

(₹ in million)

	Particulars	Note	31.03.2014	31.03.2013
I.	REVENUE FROM OPERATIONS	22	38,616.31	33,177.91
II.	OTHER INCOME	23	224.57	310.27
	TOTAL		**38,840.88**	**33,488.18**
III.	EXPENSES			
	(a) Cost of Materials Consumed during the Year	24	9,516.01	8,642.58
	(b) Puchase of Stock-in-Trade		10,962.79	8,639.91
	(c) Changes in Inventories of Stock-in-Trade		(459.87)	(84.26)
	(d) Employee Benefits Expense	25	6,102.23	5,243.99
	(e) Finance Costs	26	870.68	726.25
	(f) Depreciation and Amortization Expense		1,290.78	1,085.20
	(g) Other Expenses	27	6,356.58	5,200.16
	TOTAL		**34,639.20**	**29,453.83**
IV.	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		4,201.68	4,034.35
V.	EXTRAORDINARY ITEMS *		-	45.45
VI.	PROFIT BEFORE TAX		**4,201.68**	**4,079.80**
VII.	TAX EXPENSE			
	(a) Current Tax (Mat)		833.27	798.37
	(b) Less: Mat Credit Entitlement		(833.27)	(502.92)
	(c) Net Current Tax		-	295.45
	(d) Deferred Tax	5	894.48	693.26
VIII.	PROFIT / (LOSS) FOR THE PERIOD		**3,307.20**	**3,091.08**
IX.	EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH			
	Before Extraordinary Item			
	Basic (in ₹)		23.77	22.10
	Diluted (in ₹)		23.77	21.89
	After Extraordinary Item			
	Basic (in ₹)		23.77	22.43
	Diluted (in ₹)		23.77	22.22
X.	**NOTES FORMING PART OF ACCOUNTS**	**1-43**		

* Represents profit on sale of the Company's equity investment in Apollo Health Street Limited

As per our Report annexed

For and on behalf of the Board of Directors

For M/s. S. Viswanathan
Chartered Accountants
Firm Registration No. 004770S

Krishnan Akhileswaran
Chief Financial Officer

Dr. Prathap C Reddy
Executive Chairman

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Place : Chennai
Date : 28th May 2014

Notes Forming Part of Accounts

1. Significant Accounting Policies

A. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention under accrual method of accounting and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and the Mandatory Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 and according to the provisions of the Companies Act, 1956.

B. Inventories

1. The inventories of all medicines, medicare items traded and dealt with by the Company are valued at cost. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the Net Realisable Value is not applicable. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for VAT wherever applicable, applying the FIFO method.

2. Stock of provisions, stores (including lab materials and other consumables), stationeries and housekeeping items are stated at cost. The net realisable value is not applicable in the absence of any further modification/alteration before being consumed in-house only. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT wherever applicable applying FIFO method.

3. Surgical instruments, linen, crockery and cutlery are valued at cost and are subject to 1/3rd write off wherever applicable applying FIFO method. The net realisable value is not applicable in the absence of any further modification/alteration before being consumed in-house. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location.

4. Imported inventories are accounted for at the applicable exchange rates prevailing on the date of the transaction.

C. Prior Period Items and Extraordinary Items

Prior period items and extraordinary items are separately classified, identified and dealt with as required under Accounting Standard 5 on 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules, 2006

D. Depreciation and Amortisation

i. Depreciation has been provided

   a. On assets installed after 1st April, 1987 on straight line method at rates specified in Schedule XIV of the Companies Act, 1956 on single shift basis.

   b. On assets installed prior to 2nd April 1987 on straight-line method at the rates equivalent to the Income Tax rates.

ii. Depreciation on new assets acquired during the year is provided at the rates applicable from the date of acquisition to the end of the financial year.

iii. In respect of the assets sold during the year, depreciation is provided from the beginning of the year till the date of its disposal.

iv. Individual assets acquired for ₹ 5,000/- and below are fully depreciated in the year of acquisition.

v. Amortization:

   a. The cost/premium of land and building taken on lease by the Company from Orient Hospital, Madurai will be amortised over a period of 30 years though the lease is for a period of 60 years.

   The cost/premium of land and building taken additionally on lease by the Company at Madurai is for a period of 9 years with an option to extend the lease by another 16 years. The depreciation on the leasehold building is charged on a straight line basis with the lease period being considered as 25 years.

   The Company has taken land in Karaikudi from Apollo Hospitals Educational Trust on lease for a period of 30 years. The building constructed on the lease land is amortised over a period of 30 years.

   This is in conformity with the definition of lease term as per Clause 3 of AS 19 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006.

   b. Lease rental on operating leases is recognised as an expense in the Statement of Profit and Loss on straight-line basis as per the terms of the agreement in accordance with Accounting Standard 19 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006.

E. Revenue Recognition

a. Income from Healthcare Services is recognised on completed service contract method. The hospital collections of the Company are net of discounts. Revenue also includes the value of services rendered pending final billing in respect of in-patients undergoing treatment as on 31st March 2014.

b. Pharmacy Sales are recognised when the risk and reward of ownership is passed to the customer and are stated net of returns, discounts and exclusive of VAT wherever applicable.

c. Hospital Project Consultancy income is recognised as and when it becomes due, on percentage completion method, on achievement of milestones.

d. Income from Treasury Operations is recognised on receipt or accrual basis whichever is earlier.

e. Interest income is recognised on a time proportion basis taking into account the principal amount outstanding and the rate applicable.

f. Royalty income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

g. Dividend income is recognised as and when the owner's right to receive payment is established.

F. Fixed Assets

a. All Fixed Assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses are recognised where necessary (Also refer Note 1(O) in the Notes forming part of Accounts). Additional costs relating to the acquisition and installation of fixed assets are capitalised. Wherever VAT is eligible for input availment, Fixed Assets are stated at cost of acquisition after deduction of input VAT.

b. Capital work–in–progress comprises of and amounts expended on development/acquisition of Fixed Assets that are not yet ready for their intended use at the Balance Sheet Date. Expenditure during construction period directly attributable to the projects under implementation is included under Capital work- in –progress, pending allocation to the assets. Advances paid to acquire fixed assets is included under long term loans and advances as per revised Schedule VI.

c. Assets acquired under Hire Purchase agreements are capitalised to the extent of principal value, while finance charges are charged to revenue on accrual basis.

d. Interest on borrowings, for acquisition of Fixed Assets and exchange fluctuation arising out of foreign borrowings and the related revenue expenditure incurred for the period prior to the commencement of operations for the expansion activities of the Company are capitalised.

G. Transactions in Foreign Currencies

a. Monetary items relating to foreign currency transactions remaining unsettled at the end of the year are translated at the exchange rates prevailing at the date of the Balance Sheet. The difference in translation of monetary items and the realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss in accordance with Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)', as notified under the Companies (Accounting Standards) Rules, 2006 (Also refer Note 23 (a) in the Notes forming part of Accounts).

b. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities borrowed for the acquisition of Fixed Assets, hither to recognized in the Statement of Profit and Loss are now capitalised based on Para 46A of Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

c. The use of foreign currency forward/swap contract is governed by the Company's policies approved by the Board of Directors. These hedging contracts are not for speculation.

H. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on 'Accounting for Investments'

a. Long-term investments are stated at cost to the Company in accordance with Accounting Standard 13 on 'Accounting for Investments'. The Company provides for diminution in the value of Long-term investments other than those temporary in nature.

b. Current investments are valued at lower of cost and fair value. Any reduction to carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

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

d. In case of foreign investments,

i. The cost is the rupee value of the foreign currency on the date of investment.

ii. The face value of the foreign investments is shown at the face value reflected in the foreign currency of that country.

I. Employee Benefits

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost.

Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which employees render service), and post employment benefits (benefits which are payable after completion of employment), are measured on a discounted basis by the Projected Unit Credit Method, on the basis of annual third party actuarial valuations.

Defined Contribution Plan

The Company makes contribution towards Provident Fund and Employees State Insurance as a defined contribution retirement benefit fund for qualifying employees.

The Provident Fund Plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost, as per the statute, to the retirement benefit schemes to fund the benefits. Employees State Insurance dues are remitted to Employees State Insurance Corporation.

Defined Benefit Plans

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial Gains or Losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

a. Gratuity

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the ICICI and Life Insurance Corporation of India, for funding defined benefit plan for qualifying employees which are recognised as an expense. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment, or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service, or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company restricts the payment of gratuity to the employees below the rank of General Managers to the limits specified in the payment of Gratuity Act, 1972. However the Company complies with the norms of Accounting Standard 15.

b. Leave Encashment Benefits

The Company pays leave encashment benefits to employees as and when claimed, subject to the policies of the Company. The Company provides leave benefits through annual contribution to the fund managed by HDFC Life.

J. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such asset. As per Accounting Standard 16 'Borrowing costs', a qualifying asset is one that takes necessarily a substantial period of time to get ready for its intended use. All other borrowing costs are expensed as and when incurred.

K. Segment Reporting

Identification of Segments

The Company has complied with Accounting Standard 17- 'Segment Reporting' with Business as the primary segment.

The Company operates in a single geographical segment, which is India, and the products sold in the pharmacies, are regulated under the Drug Control Act, which applies uniformly all over the Country. The risk and returns of the enterprise are very similar in different geographical areas within the Country and hence there is no reportable secondary segment as defined in Accounting Standard 17.

Segment Policies

The accounting policies adopted for segment reporting are in line with the accounting policies adopted in the consolidated financial statements with the following additional policies for Segment Reporting:

i. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "unallocable expenses".

ii. Inter segment revenue and expenses are eliminated.

The Company has disclosed this Segment Reporting in the Consolidated Financial Statements as per para (4) of Accounting Standard – 17- 'Segment Reporting'.

L. Earnings per Share

In determining the earnings per share, the Company considers the net profit after tax before extraordinary item and after extraordinary items and includes post - tax effect of any extraordinary items. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the period. For computing diluted earnings per share, potential equity shares are added to the above weighted average number of shares.

M. Lease

Operating Lease

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

N. Taxation

i. Income Tax

Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period as and when the related revenue and expense arise. A provision is made for Income Tax annually based on the tax liability computed after considering tax allowances and exemptions.

ii. Deferred Tax

The differences that result between the profit calculated for income tax purposes and the profit as per the financial statements are identified and thereafter deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and get reversed in another, based on the tax effect of the aggregate amount being considered. Deferred tax assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. The tax effect is calculated on the accumulated timing differences at the beginning of this accounting year based on the prevailing enacted or substantively enacted regulations.

O. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An asset is treated as impaired based on the cash generating concept at the year end, when the carrying cost of assets exceed their recoverable value, in terms of Para 5 to Para 13 of AS-28 'Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 for the purpose of arriving at impairment loss thereon, if any. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

P. Bad Debts Policy

The Board of Directors approves the Bad Debt Policy, on the recommendation of the Audit Committee, after the review of debtors every year. The standard policy for write off of bad debts is as given below subject to management inputs on the collectability of the same,

Period	% of write off
0-1 years	0%
1-2 years	25%
2-3 years	50%
Over 3 years	100%

Q. Intangible Assets

Intangible assets are initially recognised at cost and amortised over the best estimates of their useful life. Cost of software including directly attributable cost, if any, acquired for internal use, is allocated / amortised over a period of 36 months to 120 months.

R. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event and 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. Contingent liabilities are not provided for unless a reliable estimate of probable outflow to the Company exists as at the Balance Sheet date. Contingent assets are neither recognised nor disclosed in the financial statements.

S. Derivative Financial Instruments

The Company is exposed to foreign currency fluctuations on foreign currency loans and payables. The company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The company enters into derivative financial instruments where the counterparty is a bank.

All derivatives are effective hedges against an underlying liability and any cash flows are recognised as and when they occur. Attributable transaction costs are recognised in statement of income as cost.

Gain/(losses) on settlement of foreign currency derivative instruments relating to borrowings which have not been designated as hedges are recorded in finance expense.

2. Share Capital

(₹ in million)

Particulars	31.03.2014 Amount	31.03.2013 Amount
Authorised		
200,000,000(2012-13 : 200,000,000) Equity Shares of ₹ 5/- each	1,000.00	1,000.00
1,000,000(2012-13 : 1,000,000) Preference Shares of ₹ 100/- each	100.00	100.00
	1,100.00	**1,100.00**
Issued		
139,658,177 (2012-13 : 139,658,177) Equity Shares of ₹ 5/- each	698.29	698.29
Subscribed and Paid up		
139,125,159 (2012-13 :139,125,159)Equity Shares of ₹ 5/- each fully paid up	695.63	695.63

Reconciliation of the number of shares

Particulars	31.03.2014		31.03.2013	
	Equity Shares		Equity Shares	
	Number	Amount ₹ in million	Number	Amount ₹ in million
Shares outstanding at the beginning of the year	139,125,159	695.63	134,466,618	672.33
Shares Issued to IFC on conversion of FCCB Bonds	-	.	13,81,619	6.91
Shares Issued on Conversion of Share warrants	-	.	32,76,922	16.38
Shares outstanding at the end of the year	**139,125,159**	**695.63**	**139,125,159**	**695.63**

Rights, Preferences and Restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholders holding more than 5% of total paid up capital

Name of the Shareholder	31.03.2014		31.03.2013	
	Equity Shares		Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
PCR Investments Ltd	27,223,124	19.57	21,313,124	15.32
Integrated (Mauritius) Healthcare Holdings Ltd	15,093,860	10.85	15,093,860	10.85
Oppenheimer Developing Markets Fund	11,678,894	8.39	10,507,859	7.55
HSTN Acquisition (FII) Limited	-	-	4,417,069	3.17

a. The Company had issued 9,000,000 Global Depository Receipts of ₹ 10 (now 18,000,000 Global Depository Receipts of ₹ 5) each with two way fungibility during the year 2005-06. Total GDR's converted into underlying Equity Shares for the year ended on 31st March 2014 is 147,449 (2012-13 : 4,597,869) of ₹ 5 each and total equity shares converted back to GDR for the year ended 31st March 2014 is 439,944 (2012-13 : 10,949) of ₹ 5 each. Total GDR's converted into equity shares upto 31st March 2014 is 25,079,178 (2012-13 : 24,931,729) of ₹ 5 each.

3. Reserves and surplus

(₹ in million)

	Particulars	31.03.2014	31.03.2013
a.	Capital Reserves		
	Opening Balance	18.26	18.26
	Closing Balance	**18.26**	**18.26**
b.	Capital Redemption Reserve		
	Opening Balance	60.02	60.02
	Closing Balance	**60.02**	**60.02**
c.	Securities Premium Account		
	Opening Balance	17,138.52	15,195.66
	Add : Securities premium credited on Share issue	-	1,942.86
	Closing Balance	**17,138.52**	**17,138.52**
d.	Debenture Redemption Reserve		
	Opening Balance	800.00	170.00
	(+) Current Year Transfer	12.50	630.00
	Closing Balance	**812.50**	**800.00**
e.	General Reserve		
	Opening Balance	6,249.03	5,249.03
	(+) Current Year Transfer	1,500.00	1,000.00
	(+) Transfer from Investment allowance	7.63	7.63
	(+) Transfer from Foriegn exchange Fluctuation Reserve	0.19	0.19
	Closing Balance	**7,756.85**	**6,256.85**
f.	Investment Allowance Reserve		
	Opening Balance	7.63	7.63
	(-) Transfer to General Reserve	7.63	-
	Closing Balance	**-**	**7.63**
g.	Foreign Exchange Fluctuation Reserve		
	Opening Balance	0.19	0.19
	(-) Transfer to General Reserve	0.19	-
	Closing Balance	**-**	**0.19**
h.	Surplus		
	Opening balance	2,306.69	1,762.50
	(-) Dividend paid on FCCB loan and Share Warrants*	-	21.66
	(+) Net Profit/(Net Loss) for the current year	3,307.20	3,091.08
	(-) Proposed Dividend on Equity Shares for the year	799.97	765.19
	(-) Dividend Distribution Tax on proposed dividend on Equity Shares	135.95	130.04
	(-) Transfer to Reserves	1,500.00	1000.00
	(-) Transfer to Debenture Redemption Reserve	12.50	630.00
	Closing Balance	**3,165.47**	**2,306.69**
	Total	**28,951.62**	**26,580.34**

4. Long Term Borrowings

(₹ in million)

Particulars	31.03.2014	31.03.2013
Secured		
(a) Non-convertible Debentures		
1,000 (2012-13: 1,000) 10.30% Debentures of ₹ 1,000,000/- each	1,000.00	1,000.00
940 (2012-13: 940) 10.15% Debentures of ₹ 1,000,000/- each	940.00	940.00
1,250 (2012-13: 1,250) 9.80% Debentures of ₹ 1,000,000/- each	1,250.00	1,250.00
(b) Term loans		
From Banks		
HDFC Bank Limited	845.00	1,105.00
From Other parties		
IFC Loan (External Commercial Borrowings)	965.27	1,179.77
IFC Loan (External Commercial Borrowings)	1,636.80	1,636.80
HSBC (External Commercial Borrowings)	1,246.60	1,355.00
HSBC (Bills Payable)	504.58	141.87
Total	**8,388.25**	**8,608.44**
Unsecured		
(i) Deposits		
Fixed Deposits	335.95	179.33
(ii) Other loans and advances		
Bank of Tokyo Mitsubishi UFJ (External Commercial Borrowings)	1,328.20	-
Total	1,664.15	179.33
Total	**10,052.40**	**8,787.77**

a. 10.30% Non Convertible Debentures

The Company issued 500 Nos. 10.30% Non Convertible Redeemable Debentures of ₹ 1 million each on 28th December 2010 with an option to re-purchase/re-issue some or all of its debentures in the secondary market or otherwise, at any time prior to the specified date of redemption of 28th December 2020 and 500 Nos. 10.30% Non-Convertible Redeemable Debentures of ₹ 1 million each on 22nd March 2011 which will be redeemed on 22nd March 2021 to the Life Insurance Corporation of India.

b. 10.15% Non Convertible Debentures

The Company issued 1000 Nos. 10.15% Non Convertible Redeemable Debentures of ₹ 1 million each on 22nd March 2012 with an option to re-purchase/re-issue some or all of its debentures in the secondary market or otherwise, at any time prior to the specified date of redemption of 22nd March 2017. The Company had redeemed debentures amounting to ₹ 60 million last year as per the terms and conditions of the issue and the residual debenture of ₹ 940 million is outstanding as of 31st March 2014.

c. 9.80% Non Convertible Debentures

The Company issued 1,250 Nos. 9.80% Non Convertible Redeemable Debentures of ₹ 1 million each on 11th July 2012 with an option to re-purchase/re-issue some or all of the debentures in the secondary market or otherwise at any time prior to the specified date of redemption of 11th July 2017 to First Rand Bank Limited.

The Debentures stated above in point (a),(b) &(c) are secured by way of pari passu first charge on the fixed assets of the Company, existing and future along with Bank and Institutions; such pari passu first charge ensuring at least a cover of 1.25 times the value of the outstanding principal amount of the loan.

d. HDFC Bank Limited

The Company has availed Rupee Term Loan of ₹ 1,300 million from HDFC Bank Limited, which is repayable in twenty quarterly instalments commencing from September 2013 and interest payable @ 11% pa. The loan is secured by first pari passu charge on all present and future movable and immovable fixed assets of the company along with minimum cover of 1.25 times the value of the outstanding principal amount of the loan.

e. International Finance Corporation (External Commercial Borrowings)

The Company was sanctioned a sum of US$ 35 million from International Finance Corporation, Washington by way of External Commercial Borrowings (ECB). The Company has withdrawn the full amount of US$ 35 million as of 31st March 2012 on the above loan. The ECB loan is secured by way of pari passu first ranking charge on the fixed assets owned by the Company such pari passu charge ensuring atleast a cover of 1.25 times the value of the outstanding principal amount of the loan. The Loan is repayable in 15 equal semi-annual Instalments starting from 15th September, 2012. During the year two instalments of US$ 2,333,333 each were repaid on 15th September 2013 and 15th March 2014.

The company was granted a further loan of US$ 30 million in the year 2012-13.The ECB loan is secured by way of pari passu first ranking charge on the fixed assets of the company ensuring atleast a cover of 1.25 times the value of the outstanding principal amount of the loan.

The Company entered into a Currency Cum Interest Rate Swap (CCIRS) with HDFC Bank Limited in Indian Rupee and hedged the loan for interest and foreign currency fluctuation risk. The derivative contract is secured by a second charge on the immovable assets of the Company to the extent of ₹ 1,100 million. The tenure of this derivative contract matches with the tenure of the loan outstanding as of 31st March 2014.

f. HSBC (External Commercial Borrowings)

The company has drawn a loan of US$ 25 million from HSBC in the year 2012-13. The Company entered into a Currency Cum Interest Rate Swap (CCIRS) with HSBC Bank in Indian Rupee and hedged the loan for interest and foreign currency fluctuation risk. The ECB loan is secured by way of pari passu first ranking charge on the fixed assets of the Company.

g. HSBC (Buyer's Line of Credit)

The Company has availed a buyer's line of credit of USD 8.40 million(PY: USD 2.61 million), for the equipment imported. The loan is secured by first pari passu ranking charge on the entire existing and future movable fixed asset of the company with minimum cover of 1.25 times the value of the outstanding principal amount of the loan. (previous year it was given in INR)

h. Bank of Tokyo – Mitsubishi UFJ (External Commercial Borrowings)

Bank of Tokyo has granted an unsecured loan of US$ 20 million during the year 2013-14 and the same loan has been hedged at ₹ 66.41 per US$ with HSBC. The Company has entered into a Currency Cum Interest Rate Swap (CCIRS) with HSBC Bank Ltd in Indian Rupee for Interest rate and foreign currency fluctuation risk.

5. Deferred Tax Liabilties

Additional net deferred tax liability of ₹ 894.48 million (₹ 693.26 million) for the period has been recognized in the Statement of Profit and Loss.

(₹ in million)

Particulars	Deferred Tax Liability as at 31.03.2013	Current year charge /(credit)	Deferred Tax Liability as at 31.03.2014
Deferred Tax Liability on account of Depreciation*	987.73	6.03	993.76
Deferred Tax Liability on account of Deferred Revenue Expenditure (Also Refer note 40 of notes forming part of accounts)	51.25	(1.02)	50.23
Deferred Tax Liability on account of 35 AD	1,355.13	889.46	2,244.59
Total	**2,394.11**	**894.48**	**3,288.58**

*Net of depreciation for the assets claimed as deduction u/s 35AD of The Income Tax Act 1961.

The effects on such Deferred Tax Liability, if any, arising out of assessments completed but under contest under various stages will be made on the appeals being decided.

6. Other Long Term Liabilities

(₹ in million)

Particulars	31.03.2014	31.03.2013
Rent Deposits	26.70	36.72
Other Deposits	0.88	0.93
Total	**27.58**	**37.65**

7. Short Term Borrowings

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Secured		
(i)	**Loans repayable on demand from banks**		
	Canara Bank	144.27	-
	State Bank of Travancore	-	26.31
	Unsecured		
(i)	**Unsecured**		
	Deposits		
	Fixed Deposits	15.03	162.97
	Total	**159.30**	**189.28**

8. Details of Trade payables are based on the information available with the Company regarding the status of Suppliers as defined under the 'Micro, Small and Medium Enterprises Development Act, 2006. The amount due to Micro, Small and Medium Enterprises for the financial year ended 31st March 2014 is ₹ 184.79 million (₹ 230.60 million). No interest in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 or otherwise has either been paid or payable or accrued and remaining unpaid as at 31st March 2014

9. Other Current Liabilities

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	Current maturities of long-term debt	582.91	700.31
(b)	Interest accrued but not due on borrowings	94.79	181.00
(c)	Unpaid dividends	25.12	22.27
(d)	Unpaid matured deposits and interest accrued thereon	4.40	25.31
(e)	Other payables		
	Sundry Creditors Others	125.31	256.86
	Retention Money on Capital Contracts	0.46	1.44
	Inpatient Deposits Rent Deposits Other Deposits	181.04	185.26
	Rent Deposits	5.76	13.18
	Other Deposits	5.16	2.32
	Tax Deducted at Source	116.01	106.01
	Outstanding Expenses	446.25	447.38
	Total	**1,587.21**	**1,941.34**

During the year, the amount transferred to The Investors Education and Protection Fund of the Central Government as per the provisions of Section 205A and 205C of the Companies Act, 1956 is ₹ 1.97 million (₹ 1.60 million) in aggregate which comprises of ₹ 1.97 million (₹ 1.59 million) as unpaid dividend and 'Nil' (₹ 0.01 million) as unpaid deposit.

10. Short Term Provisions

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	**Provision for employee benefits**		
	Bonus	195.95	164.80
	Gratuity & EL	184.48	94.32
	Total	380.43	259.12
(b)	**Others**		
	For Dividend - Equity Shares	799.97	765.19
	For Dividend Distribution Tax - Equity Shares	135.95	130.04
	Total	935.92	895.23
	Total	**1,316.35**	**1,154.35**

11. Tangible Assets

(₹ in million)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at April 1, 2013	Additions	Deletions	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation charge for the year	Deletions	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
Land	1,593.21	190.95	–	1,784.16	–	-	-	-	1,784.16	1,593.21
Buildings	5,068.76	1,137.14	–	6,205.90	481.68	169.44	-	651.12	5,554.78	4,587.08
Leasehold Improvements	1,799.21	739.81	168.40	2,370.62	200.61	51.46	-	252.07	2,118.55	1,598.60
Plant and Equipment										
Medical Equipment	8,233.25	1,285.89	426.24	9,092.90	2,915.83	472.49	307.32	3,081.00	6,011.90	5,317.42
Air Conditioning Plant & Air Conditioners	1,018.25	288.46	5.49	1,301.22	344.78	209.65	1.17	553.26	747.96	673.47
Furniture and Fixtures	2,069.37	378.42	37.09	2,410.70	651.59	140.76	12.00	780.35	1630.35	1,417.78
Vehicles	363.76	88.33	14.65	437.44	140.47	35.51	6.10	169.88	267.56	223.29
Office equipment	930.32	161.75	4.29	1,087.78	524.14	95.85	4.01	615.98	471.80	406.18
Others										
Electrical Installations & Generators	1,192.59	256.00	0.34	1,448.25	365.37	46.95	0.02	412.30	1,035.95	827.22
Fire fighting Equipment	76.58	1.18	–	77.76	8.29	1.21	–	9.50	68.26	68.29
Boilers	2.90	0.60	–	3.50	1.05	0.14	–	1.19	2.31	1.85
Kitchen Equipment	40.97	4.26	–	45.23	10.51	0.50	–	11.01	34.22	30.46
Refrigerators	39.15	3.26	0.65	41.76	9.28	1.37	0.21	10.44	31.32	29.87
Wind Electric Generator	26.85	–	–	26.85	26.85	–	–	26.85		-
Total	**22,455.17**	**4,536.05**	**657.15**	**26,334.07**	**5,680.45**	**1,225.33**	**330.83**	**6,574.95**	**19,759.12**	**16,774.72**
Previous Year	19,013.23	3,778.23	336.29	22,455.17	4,774.39	1,030.32	124.26	5,680.45	16,774.72	14,238.84

12. Intangible Assets

(₹ in million)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at April 1, 2013	Additions	Deletions	Balance as at March 31, 2014	Balance as at April 1, 2013	Amortization for the year	Deletions	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
Computer Software	245.27	49.78	.	295.05	104.86	62.31	.	167.17	127.88	140.41
Total	**245.27**	**49.78**	**.**	**295.05**	**104.86**	**62.31**	**.**	**167.17**	**127.88**	**140.41**
Previous Year	174.34	70.93	.	245.27	53.13	51.73	.	104.86	140.41	121.21

13. Capital Work–in-Progress ₹ 4,809.58 million (₹ 3,727.29 million) comprises amounts spent on assets under construction and directly related pre-operative expenses. The amount of interest included in capital work in progress is ₹ 529.13 million (₹ 377.39 million)*.

* Includes Interest on borrowings capitalised for the year ended 31st March 2014 of ₹ 341.12 million (₹ 252 million).

14. Non Current Investments

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Trade Investments (Refer A below)		
(a)	Investment in Equity instruments	4,485.39	4,379.62
(b)	Investments in Preference Shares	291.51	115.40
	Total (A)	**4,776.90**	**4,495.02**
	Other Investments (Refer Table B below)		
(a)	Investment in Equity instruments	437.34	344.91
(b)	Investment in Preference Shares	22.00	22.00
(c)	Investments in Debentures or Bonds	10.00	-
(d)	Investments in Government or Trust securities	0.17	0.20
	Total (B)	**469.51**	**367.11**
	Grand Total (A + B)	**5,246.41**	**4,862.13**
	Advance for Investments	171.20	392.37
	Total	**5,417.61**	**5,254.50**

(₹ in million)

Particulars	31.03.2014	31.03.2013
Aggregate amount of quoted investments	403.72	393.72
(Market Value ₹ 794.41 (2012-13: ₹ 660.24 million)		
Aggregate amount of unquoted investments	5,013.89	4,860.78
Total	**5,417.61**	**5,254.50**

A) Details of Trade Investments

Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	Face Value	No. of Shares / Units As at 31st March 2014	No. of Shares / Units As at 31 March 2013	Quoted / Unquoted	Partly Paid / Fully paid	Amount ₹ in million As at 31st March 2014	Amount ₹ in million As at 31 March 2013	Whether stated at Cost Yes/No
(1)	(2)	(3)	(4)		(5)	(6)	(8)	(9)	(10)
Investement in Equity Instruments									
Unique Home Health Care Limited	Subsidiary	10	29,823,012	29,823,012	Unquoted	Fully Paid	297.40	297.40	Yes
AB Medical Centres Limited	Subsidiary	1,000	16,800	16,800	Unquoted	Fully Paid	21.80	21.80	Yes
Samudra Health Care Enterprises Limited	Subsidiary	10	12,500,000	12,500,000	Unquoted	Fully Paid	250.60	250.60	Yes
Imperial Hospitals & Research Centre Limited	Subsidiary	10	25,681,000	25,681,000	Unquoted	Fully Paid	1,155.38	1,155.38	Yes
Apollo Hospitals (UK) Limited	Subsidiary	1£	5,000	5,000	Unquoted	Fully Paid	0.39	0.39	Yes
Apollo Health & Lifestyle Limited	Subsidiary	10	25,303,060	25,303,060	Unquoted	Fully Paid	772.52	772.52	Yes
Apollo Nellore Hospitals Limited	Subsidiary	10	11,091,842	855,228	Unquoted	Fully Paid	53.96	13.96	Yes
Apollo Cosmetic Surgical Centre Private Limited	Subsidiary	10	-	2,844,262	Unquoted	Fully Paid	-	28.44	Yes
Alliance Medicorp (India) Limited	Subsidiary	10	6,783,000	6,252,600	Unquoted	Fully Paid	67.83	62.52	Yes
Alliance Dental Care Ltd	Subsidiary	100	670,650	540,600	Unquoted	Fully Paid	67.07	54.06	Yes
Sapien Biosciences Pvt Ltd	Subsidiary	10	10,000	10,000	Unquoted	Fully Paid	0.40	0.40	Yes
Apollo Hospitals International Limited	Joint Venture	10	17,590,266	17,590,266	Unquoted	Fully Paid	352.92	352.92	Yes
Apollo Gleneagles Hospitals Limited	Joint Venture	10	54,675,697	54,675,697	Unquoted	Fully Paid	393.12	393.12	Yes
Apollo Gleneagles Hospitals PET CT Private Limited	Joint Venture	10	8,500,000	8,500,000	Unquoted	Fully Paid	85.00	85.00	Yes
Western Hospitals Corporation Private Limited	Subsidiary	10	18,000,000	18,000,000	Unquoted	Fully Paid	153.66	153.66	Yes
Quintiles Phase One Clinical Trials India Private Limited	Joint Venture	1,000	146,285	146,285	Unquoted	Fully Paid	152.00	152.00	Yes
Apollo Lavasa Health Corporation Limited	Joint Venture	10	402,941	402,941	Unquoted	Fully Paid	150.00	110.00	Yes
Indraprastha Medical Corporation Limited (Market value as on 31.03.2014 ₹ 38.85 per share)	Associate	10	20,190,740	20,190,740	Quoted	Fully Paid	393.72	393.72	Yes
Stemcyte India Therapautics Private Limited	Associate	1	240,196	240,196	Unquoted	Fully Paid	80.00	80.00	Yes
Rajshree Hospital and Research Centre Pvt. Ltd.	Others	10	1,175,982	-	Unquoted	Fully Paid	35.89	-	Yes
Kurnool Hospitals Enterprises Limited	Others	10	157,500	157,500	Unquoted	Fully Paid	1.73	1.73	Yes
Investments in Preference Shares									
Apollo Hospitals International Limited	Joint Venture	100	1,104,000	1,104,000	Unquoted	Fully Paid	110.40	110.40	Yes
Sapien Biosciences Pvt Ltd	Subsidiary	100	1,000,000	500,000	Unquoted	Fully Paid	10.00	5.00	Yes
Rajshree Hospital and Research Centre Pvt. Ltd.	Ohters	10	5,606,458	-	Unquoted	Fully Paid	171.11	-	Yes
Total							**4,776.90**	**4,495.02**	

B) Details of Other Investments

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Face Value	No. of Shares / Units As at 31st March 2014	No. of Shares / Units As at 31 March 2013	Quoted / Unquoted	Partly Paid / Fully paid	Amount ₹ in million As at 31st March2014	Amount ₹ in million As at 31 March 2013	Whether stated at Cost Yes / No
(1)	(2)	(3)	(4)		(5)	(6)	(8)	(9)	(10)
Investement in Equity Instruments									
Apollo Munich Health Insurance Company Limited	Joint Venture	10	33,860,000	31,600,000	Unquoted	Fully Paid	338.60	316.00	Yes
Family Health Plan Limited	Associate	10	490,000	490,000	Unquoted	Fully Paid	4.90	4.90	Yes
Furture Parking Private Limited	Joint Venture	10	2,401,000	2,401,000	Unquoted	Fully Paid	24.01	24.01	Yes
Health Super Hiway Private Limited	Others	10	200	200	Unquoted	Fully Paid	0.002	0.002	Yes
AMG Health Care Destination Pvt Ltd	Others	10	1,232,500	-	Unquoted	Fully Paid	12.33	-	Yes
Clover Energy Pvt Ltd	Others	10	1,571,250	-	Unquoted	Fully Paid	15.71	-	Yes
Indo Wind Power Pvt Ltd	Others	10	75,000	-	Unquoted	Fully Paid	0.75	-	Yes
Tirunelveli Vayu Energy Generation Pvt Ltd	Others	1,000	36	-	Unquoted	Fully Paid	13.61	-	Yes
Cureus .Inc (Stanford - US)	Others		935,000	-	Unquoted	Fully Paid	27.43	-	Yes
Investments in Preference Shares									
Health Super Hiway Private Limited	Others	54.10	406,514	406,514	Unquoted	Fully Paid	22.00	22.00	Yes
Investments in Debentures or Bonds									
ECL Finance - Non Convertible Debentures	Others	1,000	10,000	-	Quoted	Fully Paid	10.00	-	-
Investments in Government or Trust securities									
National Savings Certificate	Others				Unquoted	Fully Paid	0.17	0.20	Yes
Total							**469.51**	**367.11**	

a. The Company has pledged its 20,775,197 shares in Apollo Gleneagles Hospitals Limited as a security for the loan advanced by IDFC and HDFC to Apollo Gleneagles Hospitals Limited and the same has been closed on 23rd April 2014.

b. National Saving Certificates shown under investments are pledged with the Chief Ration Officer, Government of Andhra Pradesh.

15. Long Term Loans and Advances

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
a.	Capital Advances				
	Unsecured, considered good		597.34		654.47
b.	Security Deposits				
	Unsecured, considered good		1,356.15		891.39
c.	Loans and advances to related parties				
	Unsecured, considered good		351.15		16.15
d.	Other Loans and Advances				
	MAT Credit Entitlement	1,549.71		716.44	
	Other Advances	475.75		511.79	
	Advance Income Tax	487.09	2,512.55	392.28	1,620.51
	Interest Receivable		58.89		45.06
	Total		**4,876.08**		**3,227.58**

16. Current Investments

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	Investments in Equity Instruments	135.88	135.88
(b)	Investments in Debentures	10.00	10.00
(c)	Investments in Mutual funds	1,336.79	3,559.97
	Total	**1,482.67**	**3,705.85**

(₹ in million)

Particulars	31.03.2014	31.03.2013
Aggregate amount of quoted investments (market value ₹ 1,443.57 million (2012:13 ₹ 3,657.47 million)	1,346.79	3,569.97
Aggregate amount of unquoted investments	135.88	135.88
Total	**1,482.67**	**3,705.85**

Details of Current Investment

Name of the Body Corporate	" Subsidiary / Associate / JV/ Controlled Entity / Others "	Face value	No. of Shares / Units 31.03.2014	No. of Shares / Units 31.03.2013	Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹ in million) 31.03.2014	Amount (₹ in million) 31.03.2013	Basis of Valuation
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)
Investments in Equity Instruments									
British American Hospitals Enterprises Limited	Others	100MUR	928,720	1,393,079	Unquoted	Fully Paid	135.88	135.88	Cost
Investments in Debentures									
IFCI Venture Capital Funds Limited	Others	10,00,000	10	10	Quoted	Fully paid	10.00	10.00	Cost
Investments in Mutual Funds									
ICICI Prudential Liquid Plan Daily Dividend	Others	10	-	8,677,204	Quoted	Fully paid	-	200.00	Cost
Reliance Floating Rate Fund - Short Term Plan Growth Plan	Others	10	-	14,397,190	Quoted	Fully paid	-	250.00	Cost
Reliance Floating Rate Fund - Short Term Plan Growth Plan	Others	10	-	11,450,688	Quoted	Fully paid	-	200.00	Cost
Reliance Dynamic Bond Fund Growth Plan	Others	10	-	17,435,790	Quoted	Fully paid	-	253.54	Cost
Kotak bond (Short term) Growth	Others	10	-	11,950,115	Quoted	Fully paid		250.00	Cost
IDFC SSIF Short term Plan C Growth	Others	10	-	7,848,123	Quoted	Fully paid	-	100.00	Cost
Kotak Bond (Short term) Growth	Others	10	-	2,316,123	Quoted	Fully paid	-	50.00	Cost
IDFC SSIF Medium term Plan A Growth	Others	10	-	10,203,665	Quoted	Fully paid		200.00	Cost
ICICI Prudential short term regular Plan Growth Option	Others	10	2,139,907	2,139,907	Quoted	Fully paid	50.00	50.00	Cost
Canara Robeco short term Fund-regular Growth	Others	10	192,148	192,148	Quoted	Fully paid	2.50	2.50	Cost
Reliance Short Term fund - Growth Plan (ST- GP)	Others	10	4,681,714	4,681,714	Quoted	Fully paid	100.00	100.00	Cost
Canara Robeco short term Fund - regular Growth-ISIN	Others	10	188,206	188,206	Quoted	Fully paid	2.50	2.50	Cost
Kotak Bond Scheme Plan A Growth	Others	10	9,136,630	5,903,031	Quoted	Fully paid	200.00	200.00	Cost
Dws Premier Bond Fund - Regular Plan - Growth	Others	10	10,330,899	10,330,899	Quoted	Fully paid	200.00	200.00	Cost
HDFC Income Fund - Growth	Others	10	-	7,413,063	Quoted	Fully paid		200.00	Cost
Reliance Short Term Fund - Growth Plan	Others	10	6,903,598	6,903,598	Quoted	Fully paid	150.00	150.00	Cost
Sbi Short Term Debt Fund - Regular Plan - Growth	Others	10	14,922,589	14,922,589	Quoted	Fully paid	200.00	200.00	Cost

Name of the Body Corporate	" Subsidiary / Associate / JV/ Controlled Entity / Others "	Face value	No. of Shares / Units 31.03.2014	No. of Shares / Units 31.03.2013	Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹ in million) 31.03.2014	Amount (₹ in million) 31.03.2013	Basis of Valuation
(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)
Reliance Income Fund - Growth Plan	Others	10	-	5,171,165	Quoted	Fully paid		200.00	Cost
IDFC SSIF Medium Term Plan A Growth	Others	10	-	5,006,182	Quoted	Fully paid		100.00	Cost
Kotak Bond Short Term	Others	10	-	6,820,506	Quoted	Fully paid	.	150.00	Cost
DWS Short Maturity Fund - Regular Plan - Growth	Others	10	4,785,788	4,785,788	Quoted	Fully paid	100.00	100.00	Cost
IDFC SSIF Investment Plan Growth - (Regular Plan)	Others	10	1,994,716	7,068,212	Quoted	Fully paid	56.79	200.00	Cost
ICICI Predential Short Term -Regular Plan - Growth Plan	Others	10	4,198,646	4,198,646	Quoted	Fully paid	100.00	100.00	Cost
Pine Bridge India Short Term Fund Standard Monthly Dividend	Others	10	-	1,00,630	Quoted	Fully paid	.	101.43	Cost
L028G SBI Magnum Income Fund-Regular plan-growth	Others		1,715,101	-	Quoted	Fully paid	50.00	.	Cost
Canara Robeco short term Fund - Regular Growth	Others		182,151	-	Quoted	Fully paid	2.50	.	Cost
Canara Robeco short term Fund - regular Growth	Others		183,284	-	Quoted	Fully paid	2.50	.	Cost
L148IG SBI Term Debt Fund - Regular Plan - Growth	Others		2,095,616	-			30.00		Cost
Reliance Short Term Fund-Growth Plan Growh Option	Others		1,292,802	-			30.00		Cost
DWS Short Maturity - Regular Plan - Growth	Others		1,784,296	-			40.00		Cost
HDFC Debt Fund	Others		2,000,000	-	Quoted	Fully paid	20.00		Cost
Total							**1,482.67**	**3,705.85**	

17. Inventories

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Inventories		
a.	Medicines (Valued at Cost)	2,156.18	1,627.78
b.	Stores and spares (Valued at Cost)	149.46	116.58
c.	Lab Materials (Valued at Cost)	7.42	13.50
d.	Surgical Instruments (Valued at Cost)	235.55	232.06
e.	Other Consumables (Valued at Cost)	101.13	63.96
	Total	**2,649.74**	**2,053.88**

18. Trade Receivables

(₹ in million)

Particulars	31.03.2014	31.03.2013
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	3205.05	3,032.65
	3205.05	**3,032.65**
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,479.46	1,304.35
Less : Provision for doubtful debts	-	70.91
	1,479.46	1,233.44
Total	**4,684.51**	**4,266.09**

Trade receivable stated above include debts due by:

(₹ in million)

Particulars	31.03.2014	31.03.2013
Directors*	-	-
Other officers of the Company*	-	-
Firm in which director is a partner*	-	-
Private company in which director is a member*	-	3.75
Total	**-**	**3.75**

* Either severally or jointly

i. Accrued patient collections constitute ₹ 313.28 million (₹ 325.03 million) of Trade receivables.

ii. Confirmations of balances from Debtors, Creditors are yet to be received in a few cases though the group has sent letters of confirmation to them. The balances adopted are as appearing in the books of accounts of the group.

iii. Sundry Debtors represent the debt outstanding on sale of pharmaceutical products, hospital services and project consultancy fees and is considered good. The group holds no other securities other than the personal security of the debtors

19. Cash and Cash Equivalents

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
a.	Balances with banks				
	Current Accounts	1,617.01		1,680.47	
	Deposit Accounts	96.77		529.67	
	Unpaid Dividend Accounts	25.12		22.27	
	Margin money Deposits	2.75		53.75	
	Guarantees	184.75	1,926.40	149.35	2,435.51
c.	Cash on hand		162.58		119.15
	Total		**2,088.98**		**2,554.66**

a. The Company's Fixed Deposit receipts amounting to ₹ 184.75 million (₹ 149.35 million) are under lien with the bankers for obtaining Bank Guarantees and Letters of credit

20. Short Term Loans and Advances

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
	Short-term loans and advances				
a.	Loans and advances to related parties				
	Unsecured, considered good		185.62		278.68
	Other Loans and Advances				
	Advance to Suppliers	147.80		125.52	
	Other Advances	2,082.15		1,213.31	
	Loans and advacne to employees	73.77	2,303.72	68.30	1,407.13
	Total		**2,489.34**		**1,685.81**

21. Other Current Assets

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Other Current Assets		
	Prepaid Expenses	119.56	98.87
	Rent Receivables	3.95	3.92
	Interest Receivables	47.34	41.71
	Franchise Fees Receivable	9.54	8.59
	Total	**180.39**	**153.09**

22. Revenue from Operations

(₹ in million)

	Particulars	31.03.2014	31.03.2013
a.	Revenue from Healthcare services	24,967.87	22,160.96
b.	Revenue from Pharmacy	13,648.44	11,016.95
	Total	**38,616.31**	**33,177.91**

23. Other Income

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	Interest Income	44.02	174.50
(b)	Dividend Income		
	From Current Investment	2.07	57.00
	From Long Term Investment	34.88	32.46
(c)	Net gain/(loss) on sale of investments		
	Current investment	-	1.38
	Long term investment	136.72	90.38
(d)	Other non-operating income		
	Net gain on foreign currency transactions and translation	6.88	-
	Total	**224.57**	**355.72**

a. During the year the Foreign Exchange gain (the difference between the spot rates on the date of the transactions, and the actual rates at which the transactions are settled) is ₹ 6.88 million (2012-13: Foreign Exchange Loss is ₹ 1.41 million).

24. Cost of Materials Consumed

(₹ in million)

Particulars	31.03.2014		31.03.2013	
	Value (₹)	%	Value (₹)	%
Total Consumption of Materials	9,516.01	100.00	8,642.58	100.00
Indigenous Materials	9,453.27	99.34	8,579.38	99.27
Imported Materials	62.74	0.66	63.20	0.73

(Consumption relates to items used for healthcare services only.)

25. Employee Benefits Expense

(₹ in million)

	Particulars	31.03.2014	31.03.2013
a.	Salaries and wages	5,100.17	4454.78
b.	Contribution to provident and other funds	410.62	291.40
c.	Employee State Insurance	77.11	57.22
d.	Staff welfare expenses	312.39	268.05
e.	Staff Education & Training	9.18	7.78
f.	Bonus	192.76	164.76
	Total	**6,102.23**	**5,243.99**

a. As per the requirements of Accounting Standard 15 'Employee Benefits' (Revised 2005) as notified under the Companies (Accounting Standards) Rules, 2006, the contribution to the gratuity is determined using the projected unit credit method with actuarial valuation being carried out at each Balance Sheet date. Only the additional provision as required is charged to the Statement of Profit and Loss for the relevant year– ₹ 184.48 million (₹ 94.43 million). (Also refer Note 1(l) of Notes Forming part of Accounts.)

(₹ in million)

Particulars	As at 31st March 2014		As at 31st March 2013	
	Gratuity	Earned Leave	Gratuity	Earned Leave
Assumptions				
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of Increase in Salaries	6.00%	8.00%	6.00%	8.00%
Mortality pre- retirement	LIC 1994-96 Ultimate			
Disability	Nil	Nil	Nil	Nil
Attrition	23.00%	23.00%	23.00%	23.00%
Estimated rate of return on plan assets	8.00%	8.00%	8.00%	8.00%
Investment details on plan assets	100% of the plan Assets are invested on debt instruments			

(₹ in million)

Particulars	As at 31st March 2014			As at 31st March 2013		
	Gratuity	Earned Leave	Total	Gratuity	Earned Leave	Total
Present Value of Obligation as at the beginning of the year	282.00	138.55	420.55	245.90	112.47	358.37
Interest Cost	21.44	9.52	30.96	19.49	8.68	28.18
Current Service Cost	30.87	15.48	46.35	26.24	11.92	38.16
Benefit Paid	(27.92)	(39.17)	(67.09)	(4.51)	(7.84)	(12.35)
Actuarial (gain) / Loss on obligation	29.69	39.19	68.88	(5.12)	13.82	8.19
Present Value of Obligation end of the year	336.08	163.57	499.65	282.00	138.55	420.55
Defined benefit obligation liability as at the balance sheet is wholly funded by the company						
Change in plan assets						
Fair Value of Plan Assets beginning of the period	246.56	79.67	326.23	190.01	102.27	292.28
Expected return on plan assets	20.13	5.53	25.66	17.46	7.28	24.74
Contributions	35.44	58.88	94.32	56.00	10.20	66.20
Benefits paid	(27.92)	(39.17)	(67.09)	(4.51)	(7.84)	(12.35)
Actuarial gain / (loss)	(17.53)	(46.42)	(63.95)	(12.40)	(32.24)	(44.64)
Fair Value of Plan Assets as on 31st March, 2014	256.68	58.49	315.17	246.56	79.67	326.23
Reconciliation of present value of the obligation and the fair value of the plan assets						
Present value of obligation	336.08	163.57	499.65	282.00	138.55	420.55

Fair value of plan assets at the end of the year	256.68	-	315.17	(246.56)	(79.67)	(326.23)
Liability / (assets)	79.40	105.08	184.48	35.44	58.88	94.32
Unrecognised past service cost	-	-	-	-	-	-
Liability / (assets) recognised in the balance sheet	79.40	105.08	184.48	35.44	58.88	94.32
Gratuity & Leave Encashment cost for the period						
Service Cost	30.87	15.48	46.35	26.24	11.92	38.16
Interest Cost	21.44	9.52	30.96	19.49	8.68	28.18
Expected return on plan assets	(20.13)	(5.53)	(25.66)	(17.46)	(7.28)	(24.74)
Actuarial (gain) / loss	47.22	85.61	132.83	7.28	45.55	52.83
Past Service Cost	-	-	-	-		-
Net gratuity cost	79.40	105.08	184.48	35.55	58.88	94.43
Investment details of plan assets						
100% of the plan assets are invested in debt instruments						
Actual return on plan assets	2.60	(40.89)	(38.29)	5.06	(24.96)	(19.90)

i. Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The Gratuity scheme is invested in the Gratuity Pay plan offered by ICICI.

ii. The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

26. Finance Costs

(₹ in million)

Particulars	31.03.2014	31.03.2013
Interest expense	766.12	638.51
Other borrowing costs		
Bank Charges	103.29	87.37
Brokerage & Commission	1.27	0.37
Total	**870.68**	**726.25**

27. Other Expenses

(₹ in million)

Particulars	31.03.2014	31.03.2013
Other Expenses		
Power and fuel	673.84	556.25
House Keeping Expenses	126.91	125.25
Water Charges	69.10	52.05
Rent	1,252.87	980.37
Repairs to Buildings	134.73	128.72
Repairs to Machinery	398.97	300.32
Repairs to Vehicles	44.70	43.74
Office Maintenance & Others	304.22	239.00
Insurance	56.45	40.91
Rates and Taxes, excluding taxes on income	78.32	76.67
Printing & Stationery	208.37	182.83
Postage & Telegram	16.73	18.54
Director Sitting Fees	1.06	1.42
Advertisement, Publicity & Marketing	1,028.75	811.91
Travelling & Conveyance	378.42	298.96
Subscriptions	6.33	6.47
Security Charges	101.91	83.12
Legal & Professional Fees	246.44	268.99
Continuing Medical Education & Hospitality Expenses	37.65	29.71
Hiring Charges	61.83	51.17
Seminar Expenses	4.84	8.41
Telephone Expenses	109.08	92.19
Books & Periodicals	10.13	8.84
Donations	16.91	23.32
Bad Debts Written off	160.91	106.81
Provision for bad debts	-	28.72
Royalty paid	1.35	1.30
Outsourcing Expenses	726.6	541.42
Miscellaneous expenses	71.05	53.27
Loss on Sale of Asset	28.11	38.06
Net (gain)/loss on foreign currency transactions and translation	-	1.41
Total	**6,356.58**	**5,200.16**

a. Payment to auditors as statutory auditors

(₹ in million)

Particulars	31.03.2014	31.03.2013
Audit Fees*	3.71	3.37
Taxation Matters*	0.84	0.56
Company Law Matters*	0.84	0.51
Reimbursement of Expenses	0.33	0.26
Total	**5.73**	**4.70**

* Inclusive of Service Tax @12.36%

b. Directors travelling included in travelling and conveyance amounts to ₹ 39.48 million (₹ 40.54 million).

28. Contingent Liabilities

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Contingent liabilities and commitments (to the extent not provided for)		
(i)	**Contingent Liabilities**		
	(a) Claims against the company not acknowledged as debt	65.85	77.40
	(b) Guarantees	.	
	Bank Guarantees	262.97	268.36
	Corporate Guarantees / Letter of comfort	475.00	35.00
	(c) Other money for which the company is contingently liable		
	Sales Tax	0.52	1.04
	Customs Duty	99.70	99.70
	Income Tax	336.73	293.92
	Service Tax	27.76	
	Letter of Credits	.	36.56
	EPCG	1,524.68	708.00
	Value Addded Tax	2.27	2.27
		2,795.49	**1,522.25**
(ii)	**Commitments**		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	9,871.76	10,644.93
		9,871.76	**10,644.93**
	Total	**12,667.24**	**12,167.18**

29. Utilisation of Amounts From Securities Issued

The company has not raised any sum by way of issue of securities during the year 2013-14. Hence disclosure regarding utilisation of amounts from securities issued is not applicable.

30. Earnings Per Equity Share

Particulars	31.03.2014	31.03.2013
Profit before extraordinary items attributable to equity shareholders (Amount ₹) (A1)	3,307.20	3,045.80
Weighted Averaged Equity Shares outstanding during the year (Nos) - (B1)	139,125,159	137,839,092
Basic Earnings Per Share before extra-ordinary item - (A1/B1)	23.77	22.10
Diluted Earningsbefore extraordinary items attributable to equity shareholders (Amount ₹) (A2)	3,307.20	3,045.80
Foreign Currency Convertible Bond issued (C1)	-	1,381,619
Promoters Share warrants (D1)	-	3,276,922
Weighted Averaged Equity Shares outstanding for Diluted Earnings Per Share. (Nos) - (E1)	139,125,159	139,125,159
Diluted Earnings Per Share before extra-ordinary item - (A2/E1)	23.77	21.89
Profit after extraordinary items attributable to equity shareholders (Amount ₹) (A)	3,307.20	3,091.25
Weighted Averaged Equity Shares outstanding during the year (Nos) - (B)	139,125,159	137,839,092
Basic Earnings Per Share after extra-ordinary item - (A/B)	23.77	22.43
Diluted Earnings after extraordinary items attributable to equity shareholders (Amount ₹) (A3)	3,307.20	3,091.25
Foreign Currency Convertible Bond issued (C)	-	1,381,619
Promoters Share warrants (D)	-	3,276,922
Weighted Averaged Equity Shares outstanding for Diluted Earnings Per Share. (Nos) - (E)	139,125,159	139,125,159
Diluted Earnings Per Share after extra-ordinary item - (A3/E)	23.77	22.22

31. Expenditure in Foreign Currency

(₹ in million)

	Particulars	For the period ended 31.03.2014	For the period ended 31.03.2013
a.	**CIF Value of Imports:**		
	Machinery and Equipment	1,041.76	890.33
	Stores and Spares	51.49	49.27
	Other Consumables	11.26	13.93
b.	**Expenditure.**		
	Travelling Expenses	25.10	22.25
	Professional Charges	12.27	15.43
	Subscription	-	-
	Accreditation	-	-
	Advertisement	-	-
	Business Promotion	-	1.61
c.	**Dividends**		
	Amount remitted during the year in foreign currency on account of dividends excluding the payment of dividends directly to the share-holder's Non-resident external bank account.	4.79	3.66
	Non-Residents shareholders to whom remittance was made (Nos.)	200.00	224.00
	Shares held by non-resident share-holders on which dividend was paid.	0.87	0.92

32. Earnings In Foreign Currency

(₹ in million)

Particulars	31.03.2014	31.03.2013
Hospital Fees	506.66	293.31
Project Consultancy Services	17.12	18.22
Reimbursement Expenses	0.76	0.23
Pharmacy Sales*	9.73	0.29

* Pharmacy Sales are sales made within India to inpatients that have paid in foreign currency

33. Related Party Disclosures

A. List of Related Parties where control exists and other related parties with whom the Company had transactions and their relationships:

SL.No	Name of Related Parties	Nature of relationship
1	AB Medical Centres Limited	Subsidiary Companies (control exists)
2	Alliance Medicorp (India) Limited	
3	Apollo Health and Life Style Limited	
4	Apollo Nellore Hospitals Limited	
5	Imperial Hospitals and Research Centre Limited	
6	Samudra Health Care Enteprises Limited	
7	Apollo Cosmetics Surgical Centre (P) Limited	
8	Western Hospitals Corporation (P) Limited	
9	Apollo Hospitals (UK) Limited	
10	Sapien Bio Sciences Private Limited	
11	Alliance Dental care limited	
12	Unique Home Health Care Limited	
13	Apollo Koramangala Cradle Limited	
14	Apollo Clinics Gujarat Limited	
15	Apollo Gleneagles Hospital Limited	Join Venture
16	Apollo Hospitals International Limited	
17	Apollo Lavasa Health Corporation Limited	
18	Apollo Munich Health Insurance Company Limited	
19	Apollo Gleneagles PET-CT (P) Limited	
20	Future Parking Private Limited	
21	Quintiles Phase One Clinical Trials India Private Limited	
22	Family Healthplan (TPA) Limited	Associates
23	Indraprastha Medical Corporation Limiteid	
24	Stemcyte India Therapautics Private Limited	
25	Dr.Prathap C Reddy	Key Management Personnel
26	Smt. Preetha Reddy	
27	Smt. Suneeta Reddy	
28	Smt. Sangita Reddy	
29	Smt. Shobana Kamineni	
30	Aircel Cellular Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
31	Aircel Limited	
32	Apollo Educational Infrastructure Services Limited	
33	Apollo Energy Company Limited	
34	Apollo Clinical Excellence Solutions Limited	
35	Apollo Medskills Limited	
36	Apollo Health Resources Limited	
37	Apollo Mumbai Hospital Limited	
38	Apollo Reach Hospitals Enterprises Limited	
39	Apollo Sindoori Hotels Limited	
40	Dishnet Wireless Limited	
41	Healthnet Global Limited	
42	Indian Hospitals Corporation Limited	

SL.No	Name of Related Parties	Nature of relationship
43	Kurnool Hospital Enterprises Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
44	Lifetime Wellness Rx International Limited	
45	PCR Investments Limited	
46	Vasumati Spinning Mills Limited	
47	Medversity Online Limited	
48	AMG Healthcate Destination Private Limited	
49	Apollo Infrastructure Projects Finance Co (P) Limited	
50	Apollo Tele Health Services Private Limited	
51	Deccan Digital Networks Private Limited	
52	Elixir Communities Private Limited	
53	Faber Sindoori Management Services (P) Ltd	
54	Garuda Energy Private Limited	
55	Health Superhiway Private Limited	
56	Kalpatharu Infrastructure Development Co (P) Limited	
57	Kei Energy Private Limited	
58	Kei Rajamahendri Resorts Private Limited	
59	Kei Vita Private Limited	
60	Keimed Private Limited	
61	Kei-Rsos Petroleum And Energy Pvt Limited	
62	Kei-Rsos Shipping Private Limited	
63	Matrix Agro Private Limited	
64	Peninsular Tankers Private Limited	
65	Trac Eco And Safari Park Pvt Limited	
66	PPN Holdings (Alfa) Private Limited	
67	PPN Holdings Private Limited	
68	PPN Power Generation (Unit-1) (P) Limited	
69	PPN Power Generating Company (P) Limited	
70	Preetha Investments Private Limited	
71	Sindya Builders Private Limited	
72	Sindya Infrastructure Development Co (P) Limited	
73	Sirkazhi Port Private Limited	
74	Tharani Energy India Private Limited	
75	Trac India Private Limited	
76	British American Hospitals Enterprise Limited	
77	Universal Quality Services LLC	
78	Sindya Resources Private Ltd, Singapore	
79	APEX Agencies	
80	APEX Agencies (HYD)	
81	Associated Electricatl Agencies	
82	Spectra Clinical Laboratory	
83	P. Obul Reddy & Sons	
84	Sindya Power Generating Company Private Limited	
85	Sindya Holdings Private Limited	

SL.No	Name of Related Parties	Nature of relationship
86	Kalpathura Enterprises Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
87	Apex Builders	
88	Apex Construction	
89	Indian Hospitex Private Limited	
90	Kumaranathu and Company	
91	Vaishnavi Consturctions	
92	Indo Wind Power Private Ltd	
93	Nippo Batteries Company Ltd	
94	Panasonic Home Appliances India Co Ltd	
95	Kamineni Builders Private Limited	
96	Kamineni Builders	
97	Avantha Power & Infrastructure Limited	
98	Bharti Infratel Limited	
99	Dalmia Cement (Bharat) Limited	
100	Magma Fincorp Limited	
101	Mahindra & Mahindra Limited	
102	Mahindra Worldcity Developers Limited	
103	Maschmeijer Aromatics (India) Limited	
104	PHL Capital Pvt Ltd	
105	PHL Finance Pvt Ltd	
106	Piramal Enterprises Limited	
107	Prime Finvest And Leasing Limited	
108	Precision Containeurs Limited	
109	Sicom Investments & Finance Limited	
110	Tata Motors Limited	
111	Vas Infrastrcuture Limited (CN)	
112	Wipro Limited	
113	Yashraj Containeurs Limited	
114	Apollo Health Street Limited	
115	Aircel Smart Money Limited	
116	Apollo Healthcare Technology Solutions Limited	
117	Apollo Dialysis Private Limited	
118	Apollo Home Healthcare Limited	
119	Apollo Telemedicine Networking Foundation	
120	Strides Arcolab Limited	
121	Garuda Thermal Power Private Limited	
122	Helios Holdings Private Limited	
123	LNG Bharat Private Limited	

Sl No	Name of Related Parties	Nature of Transaction	31.03.2014 ₹ in million	31.03.2013 ₹ in million
1	Unique Home Health Care Limited	Investment in Equity	297.40	297.40
		Transaction during the year	4.37	(1.50)
		Payables as at year end	1.46	0.29
		Cumulative Deposits Outstanding	10.77	11.67
		Interest payable	0.91	0.08
2	AB Medical Centers Limited	Investment in Equity	21.80	21.80
		Payables as at year end	16.55	12.97
		Lease Rentals paid	7.20	7.20
3	Samudra Healthcare Enterprises Limited	Investment in Equity	250.60	250.60
		Receivables as at year end	64.27	59.47
		Transaction during the year	76.65	66.79
		Commission on turnover	1.72	1.58
4	Apollo Hospital (UK) Limited	Investment in Equity	0.39	0.39
		Receivables as at year end	2.40	1.86
5	Apollo Health and Lifestyle Limited	Investment in Equity	772.52	772.52
		Advance for Investment	100.00	-
		Transaction during the year	436.01	6.74
		Payables as at year end	27.96	-
		Receivable as at year end	13.22	236.84
		Loan given	335.00	-
		Interest income for the year	15.24	-
6	Imperial Hospital and Research Centre Limited	Investment in Equity	1,155.38	1,155.38
		Loan given	16.15	16.15
		Receivable as at year end	347.08	357.84
		Transaction during the year	370.83	327.33
		Interest income for the year	1.53	15.37
7	Apollo Nellore Hospitals Limited	Investment in Equity	53.96	13.96
		Advance for Investment	-	57.90
		Receivables as at year end	17.90	-
8	Alliance Medicorp (India) Limited	Investment in Equity	67.83	62.53
		Advance for Investment	-	6.32
		Transaction during the year	(0.13)	(0.49)
		Payables as at year end	0.29	0.42
9	Alliance Dental Care Limited	Investment in Equity	67.07	54.06
		Receivables as at year end	2.91	8.75
		Corporate Guarantees executed	475.00	35.00
		Transaction during the year	0.87	0.69
10	Apollo Hospitals International Limited	Investment in Equity	352.92	352.92
		Investment in Preference Shares	110.40	110.40
		Receivable as at year end	49.42	207.25
		Transactions during the year	0.52	8.34

Sl No	Name of Related Parties	Nature of Transaction	31.03.2014 ₹ in million	31.03.2013 ₹ in million
11	Apollo Gleneagles Hospitals Limited	Investment in Equity	393.12	393.12
		Transactions during the year	908.81	763.20
		Fees	101.16	87.83
		Receivable as at year end	383.09	325.77
12	Apollo Gleneagles PET-CT Private Limited	Investment in Equity	85.00	85.00
		Rent received	0.19	1.93
		Payables as at year end	1.51	3.76
		Deposits refundable	21.93	23.09
		Transactions during the year	3.27	3.08
13	Western Hospitals Corporation Private. Limited	Investment in Equity	153.66	153.66
		Reimbursement of expenses	-	0.40
14	Apollo Munich Health Insurance Company Limited	Investment in Equity	338.60	316.00
		Advance for Investment	18.49	-
		Transaction during the year	67.61	0.92
		Receivables as at year end	1.70	0.50
15	Apollo Lavasa Health Corporation Limited	Investment in Equity	150.00	110.00
		Receivables as at year end	4.51	3.24
16	Quintiles Phase One Clinical Trials India Private Limited	Investment in Equity	152.00	152.00
		Receivables as at year end	-	56.07
		Rent received	7.80	15.23
17	Family Health Plan Limited	Investment in Equity	4.90	4.90
		Transaction during the year	7.07	21.42
		Receivables as at year end	17.30	17.52
18	Indraprastha Medical Corporation Limited	Investment in Equity	393.72	393.72
		Receivables as at year end	314.53	392.47
		Dividend Received	32.31	32.46
		Transactions during the year	1,636.58	1,529.25
19	Stemcyte India Therapautics Private Limited	Investment in Equity	80.00	80.00
20	Dr. Prathap C Reddy	Remuneration Paid	150.50	156.30
21	Smt. Preetha Reddy	Remuneration Paid	51.11	52.50
22	Smt. Suneeta Reddy	Remuneration Paid	51.84	52.50
23	Smt. Shobana Kamineni	Remuneration Paid	51.11	52.50
24	Smt. Sangita Reddy	Remuneration Paid	51.03	52.50
25	Apollo Sindoori Hotels Limited	Transaction during the year	191.14	186.46
		Payables as at year end	2.67	13.92
26	Health Super Hiway Private Limited	Investment in Equity	0.002	0.002
		Investments in Preference Shares	22.00	22.00
		Transaction during the year	10.90	12.84
		Receivables as at year end	-	2.66
		Payables as at year end	9.13	-

Sl No	Name of Related Parties	Nature of Transaction	31.03.2014 ₹ in million	31.03.2013 ₹ in million
27	Faber Sindoori Management Services Private Limited	Transaction during the year	296.40	244.09
		Payables as at year end	23.15	28.60
28	Lifetime Wellness Rx International Limited	Transaction during the year	3.96	14.96
		Payables as at year end	-	0.87
		Receivable as at year end	5.43	-
29	P Obul Reddy & Sons	Receivable as at year end	1.26	0.75
		Transactions during the year	37.04	29.89
30	Keimed Private Limited	Receivables at the year end	58.76	-
		Payables at the year end	-	16.55
		Transactions during the year	3,698.56	3,199.16
31	Medvarsity Online Limited	Transactions during the year	0.15	0.03
		Receivable as at year end	0.24	2.98
		Rent received		0.94
32	Apollo Health Resources Limited	Receivables as at year end	-	9.88
33	Apollo Mumbai Hospital Limited	Receivables as at year end	7.30	6.87
		Transactions during the year	16.24	18.76
34	Aircel Cellular Limited	Reimbursement of expenses	0.07	-
		Transaction during the year	-	4.12
35	Dishnet Wireless Limited	Transaction during the year	3.72	2.16
		Payables as at year end	-	0.28
36	Kurnool Hospitals Enterprise Limited	Investment in Equity	1.73	1.73
37	AMG Health Care Destination Private Limited	Investment in Equity	12.33	-
		Advance for Investment	-	12.33
38	Future Parking Private Limited	Investment in Equity	24.01	24.01
		Advance given	-	0.49
39	British American Hospitals Enterprise Limited	Investment in Equity	135.88	135.88
40	Sapien Bioscience Pvt Ltd	Investment in Equity	0.40	0.40
		Investments in Preference Shares	10.00	5.00
41	Aircel Limited	Transaction during the year	4.49	-
		Payables as at year end	0.39	-
42	Apollo Cosmetics Surgical Centre (P) Limited	Investment in Equity	-	28.44
		Receivables as at year end	0.01	0.36

34. Leases

In respect of Non-cancellable Operating Leases

Lease payments recognized in the Statement of Profit and Loss is ₹ 1,252.87 million (₹ 980.37 million)

(₹ in million)

Minimum Lease Payments	31.03.2014	31.03.2013
Not later than one year	1,035.50	681.84
Later than one year and not later than five years	3,159.56	1,819.05
Later than five years	6,618.72	4,507.58

Lease agreements are renewable for further period or periods on terms and conditions mutually agreed between the lessor and AHEL.

Variation/Escalation clauses in lease rentals are made as per mutually agreed terms and conditions by the lessor and AHEL.

35. (a) The jointly Controlled Entities considered in the Consolidated Financial Statements is:

Name of the Company	Country of Incorporation	Proportion of ownership Interest (%) 31.03.2014	Proportion of ownership Interest (%) 31.03.2013
Apollo Hospitals International Limited	India	50.00*	50.00*
Apollo Gleneagles Hospital Limited	India	50.00	50.00
Apollo Gleneagles PET CT Private Limited	India	50.00	50.00
Apollo Munich Health Insurance Company Limited	India	10.23	10.23
Future Parking Private Limited	India	49.00	49.00
Quintiles Phase One Clinical Trials India Private Limited	India	40.00	40.00
Apollo Lavasa Health Corporation Limited	India	37.50	34.66

*Inclusive of 27% (27%) shares held by Unique Home Health Care Limited, a 100% Subsidiary of Apollo Hospitals Enterprise Limited.

(b) The groups interests in the joint venture accounted for using proportionate consolidation in the Consolidated Financial Statements are:

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

(₹ in million)

Particulars		As at 31st March,2014	As at 31st March,2013
I	**ASSETS**		
Non-current assets			
(a)	Fixed assets		
	(i) Tangible assets	2,244.71	2,143.60
	(ii) Intangible assets	18.43	13.02
	(iii) Capital work-in-progress	87.55	137.69
	(iv) Intangible assets under development	-	-
(b)	Non-current investments	489.31	386.32
(c)	Deferred tax assets (net)	108.73	108.73
(d)	Long-term loans and advances	234.75	195.47
Current assets			
(a)	Current investments	9.04	20.45
(b)	Inventories	44.18	41.89
(c)	Trade receivables	288.90	287.96
(d)	Cash and cash equivalents	404.99	362.55
(e)	Short-term loans and advances	42.06	48.42
(f)	Other current assets	112.60	84.44
II	**LIABILITIES**		
Non-current liabilities			
(a)	Long-term borrowings	665.39	681.59
(b)	Deferred tax liabilities (Net)	151.06	100.66
(c)	Other Long term liabilities	20.91	18.87
(d)	Long-term provisions	6.98	6.26
Current liabilities			
(a)	Short-term borrowings	195.66	277.22
(b)	Trade payables	446.81	469.48
(c)	Other current liabilities	790.50	663.89
(d)	Short-term provisions	1.75	0.08
III	**INCOME**		
(a)	Revenue from operations	2,663.00	2,292.77
(b)	Other income	17.73	16.80
IV	**EXPENSES**		
(a)	Material consumption, purchase of stock in trade and changes in inventories	647.24	578.26
(b)	Employee benefits expense	476.64	432.55
(c)	Finance costs	115.06	126.28
(d)	Depreciation and amortization expense	168.45	154.30
(e)	Other expenses	1,154.73	962.49
	Profit before tax	118.61	55.72
(a)	Provision for Taxation(Including Deferred Tax Liability)	64.88	33.85
(b)	Add: Deferred tax asset	0.38	-
	Net Profit	54.11	21.87
V	**OTHER MATTERS**		
(a)	Contingent Liabilities	270.66	200.65
(b)	Capital Commitments	202.39	100.38

36. During the year 2002-03, on a review of fixed assets, certain selected medical equipments were identified and impaired. For the current year, on a review as required by Accounting Standard 28 ‘ Impairment of Assets’, the management is of the opinion that no impairment loss or reversal of impairment loss is required, as conditions of impairment do not exist.

37. The Company has been exempted from publishing the financial statements for fifteen of its subsidiaries including fellow subsidiaries which are required to be attached to the Company’s accounts, under Sec.212(1) of the Companies Act, 1956 for the financial year ended 31st March 2014.

38. In the process of acquiring Apollo Gleneagles Hospitals Limited (AGHL) in Kolkata, Apollo Hospitals Enterprise Limited had initially invested ₹ 30 million [₹ 5 million towards equity and ₹ 25 million to discharge other liabilities of AGHL, erstwhile Duncan Gleneagles Hospital Limited (DGHL)] to acquire 50.26% holding in DGHL (subsequently reduced to 49%, now increased to 50%). AGHL assigned an unsecured debt of ₹ 163.70 million existing in its books to Apollo Hospitals Enterprise Limited, out of which ₹ 150 million was received till FY 2012-13 and taken to income, leaving a balance unsecured debt of ₹ 13.70 million. As a measure of prudence the balance amount was not recognized as an advance or investment in the books of Apollo Hospitals Enterprise Limited and will be accounted for as and when the amount(s) are received. During the year 2013-14, the balance amount of ₹ 13.70 million has been received and the same has been duly accounted for in the books of accounts.

39. On review of the operations of setting up the Hospital in Noida, the Company has re-assigned the lease agreement between itself and the lessor to its associate, Indraprastha Medical Corporation Limited by extinguishing its rights and privileges in the original lease deed dated 27th October 2001.

40. Unrealised amounts on project development and pre-operative project expenses incurred at Bilaspur Hospital amounting to ₹ 56.62 million are included in advances and deposits account. The above expenses incurred on the project will be amortised over the balance lease period of 6 years. The balance yet to be amortised as on 31.03.2014 is ₹ 18.88 million (₹ 22.03 million).

41. Figures of the current year and previous year have been shown in million.

42. Figures in brackets relate to the figures for the previous year.

43. Previous year figures have been regrouped and reclassified wherever necessary to confirm with current years classification.

As per our Report annexed
For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004

Place : Chennai
Date : 28th May 2014

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Cash Flow Statement

for the year ended 31st March 2014

(₹ in million)

		31.03.2014		31.03.2013	
A	**Cash Flow from operating activities**				
	Net profit before tax and extraordinary items		**4,201.67**		**4,079.80**
	Adjustment for:				
	Depreciation & Amortization	1,290.78		1,085.20	
	Profit on sale of Investment	(136.72)		(91.80)	
	Loss on sale of asset	28.11		38.10	
	Interest paid	870.68		726.30	
	Foreign Exchange (gain)/loss	(6.88)		1.40	
	Extraordinary Item	-		(45.45)	
	Interest received	(44.01)		(174.50)	
	Dividend received	(36.95)		(89.50)	
	Provision for Wealth tax	2.23		1.92	
	Bad debts written off	160.91		135.50	
			2,128.15		1587.17
	Operating profit before working capital changes		6,329.82		5,666.97
	Adjustment for:				
	Trade or other receivables	(579.33)		(863.90)	
	Inventories	(595.85)		(226.80)	
	Trade payables	723.81		54.10	
	Others	(1,794.14)	(2,245.51)	(412.62)	(1,449.22)
	Cash generated from operations		4084.31		4,217.75
	Foreign Exchange gain/(loss)		6.88		(1.40)
	Taxes paid		(1,060.36)		(890.70)
	Cash flow before extraordinary items		3,030.83		3,325.65
	Net cash from operating activities		3,030.83		3,325.65
B	**Cash flow from Investing activities**				
	Purchase of fixed assets	(5,373.05)		(5,396.20)	
	Purchase of investments	(225.00)		(3,560.00)	
	Investment In Subsidiaries & Joint Ventures & Associates	(166.59)		(380.60)	
	Sale of investments	2,588.40		2,713.10	
	Interest received	44.01		174.50	
	Dividend received	36.95		89.50	
	Cash flow before extraordinary item		(3,095.28)		(6,359.70)
	Extraordinary Item		-		45.45
	Net cash used in Investing activities		(3,095.28)		(6,314.25)
C	**Cash flow from financing activities**				
	Proceeds from issue of equity shares	-		23.30	
	Proceeds from issue of share premium	-		1,555.81	
	Proceeds from long term borrowings	1,847.52		5,488.70	
	Proceeds from short term borrowings	144.27		-	

(₹ in million)

	Repayment of finance/lease liabilities	(757.15)		(2,111.30)	
	Interest paid*	(870.68)		(726.30)	
	Dividend paid	(765.19)		(556.50)	
	Net cash from financing activities		(401.23)		3,673.71
	Net increase in cash and cash equivalents (A+B+C)		(465.68)		685.11
	Cash and cash equivalents (opening balance)		2,554.66		1,869.55
	Cash and cash equivalents (closing balance)		2,088.98		2,554.66
	Component of Cash and cash equivalents				
	Cash on Hand		162.58		119.15
	Balance with Banks				
1)	Available with the company for day to day operations		1,901.28		2,413.24
2)	Amount available in unclaimed dividend and unclaimed deposit payment accounts.		25.12		22.27

*includes ₹ 69.78 million (₹ 35.18 million) towards cost of covering the currency fluctuations and LIBOR risk for ECB availed by the company.

Notes:

1. Previous year figures have been regrouped wherever neccessary.
2. Figures in bracket represent outflow.

As per our Report annexed
For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004

Place : Chennai
Date : 28th May 2014

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Apollo Hospitals Enterprise Limited for the year ended 31st March 2014. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Statement of Profit and Loss and the Balance Sheet of the Company covered by our report of 28th May 2014 to the members of the Company.

For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S

V C Krishnan
Partner
Membership No. 022167

Place : Chennai
Date : 28th May 2014

TEN YEARS STANDALONE FINANCIAL PERFORMANCE AT A GLANCE

(₹ in million)

Financial Highlights year ended	31st Mar 14	31st Mar 13	31st Mar 12	31st Mar 11	31st Mar 10	31st Mar 09	31st Mar 08	31st Mar 07	31st Mar 06	31st Mar 05
Balance Sheet										
Sources										
Share Capital	695.63	695.63	672.33	623.55	617.85	602.35	586.85	516.38	505.99	415.99
preferential issue of equity share warrants	-	-	387.05	685.07	-	-	-	-	-	-
Reserves and Surplus	28,951.61	26,580.34	22,463.28	16,413.02	14,799.93	13,106.20	11,793.51	7,016.90	6,038.83	2,862.21
Networth	29,647.24	27,275.97	23,522.66	17,721.64	15,417.78	13,708.55	12,380.36	7,533.28	6,544.82	3,278.20
Loans (including long term liabilities and provisions)	10,079.98	8,825.42	6,921.47	7,689.40	6,899.86	4,494.82	3,056.35	1,441.80	827.71	1,367.55
Deferred Tax Liability	3,288.58	2,394.11	1,700.85	1,071.06	751.45	626.56	589.70	570.64	550.19	535.65
Applications										
Gross Block	31,438.71	26,427.74	21,196.95	17,968.91	15,289.23	11,779.31	8,300.10	6,435.85	5,213.00	4,345.29
Accumulated Depreciation	6,742.13	5,785.31	4827.51	3,987.44	3,314.74	2,779.92	2,348.32	1,982.88	1,682.52	1,427.71
Net Block	24,696.58	20,642.43	16,369.44	13,981.47	11,974.49	8,999.39	5,951.78	4,452.97	3,530.48	2,917.58
Investments	6,900.27	8,960.35	7,641.18	6,241.12	4,897.88	6,292.80	7,060.10	3,229.60	2,729.95	1,062.67
Long Term Loans and Advances	4,876.08	3,227.58	5,103.33	4,521.44	1,859.70	1,426.06	1,077.59	591.40	511.62	337.31
Current Assets, Loans & Advances										
Inventory	2,649.74	2,053.88	1,827.09	1,505.21	1,343.43	1,088.42	790.89	551.95	457.18	371.25
Debtors	4,684.51	4,266.09	3,537.70	2,696.43	2,055.34	1,607.35	1,261.59	978.92	890.36	835.14
Cash & Bank Balances	2,088.98	2,554.66	1,869.55	1,414.40	2,855.58	646.16	1,045.57	644.03	364.39	219.10
Loans & Advances	2,669.73	1,838.90	1,234.94	1,193.53	1,260.19	797.36	664.53	483.65	706.53	316.53
(A)	12,092.96	10,713.53	8,469.28	6,809.57	7,514.54	4,139.29	3,762.58	2,658.55	2,418.46	1,742.02
Current Liabilities & Provisions										
Creditors	2,487.23	1,763.42	1,709.36	1,794.01	1,781.07	750.05	725.74	557.64	608.25	384.37
Other Liabilities	1,746.51	2,130.62	2,955.67	2,593.45	839.95	776.96	677.20	696.94	401.62	314.06
Provisions	1,316.35	1,154.35	773.22	684.04	556.50	500.60	422.70	132.22	257.92	179.75
(B)	5,550.09	5,048.39	5,438.25	5,071.50	3,177.52	2,027.61	1,825.64	1,386.80	1,267.79	878.18
Net Current Assets (A - B)	6,542.87	5,665.14	3,031.03	1,738.07	4,337.02	2,111.68	1,936.94	1271.75	1,150.67	863.84

Financial Highlights year ended	31st Mar 14	31st Mar 13	31st Mar 12	31st Mar 11	31st Mar 10	31st Mar 09	31st Mar 08	31st Mar 07	31st Mar 06	31st Mar 05
Miscellaneous Expenditure	-	-	-	-	0.12	0.45	3.07	7.80	17.74	33.35
Key Indicators										
O P M %	16.38	17.46	17.41	16.93	16.90	16.38	17.54	16.71	18.83	20.00
N P M %	8.51	9.23	8.17	7.72	8.18	7.98	8.85	11.12	8.37	8.26
Collection Growth %	15.98	18.42	20.36	26.61	25.56	28.72	27.85	25.10	20.73	19.18
OP Growth (%)	8.85	18.76	24.60	30.16	29.72	20.27	14.15	21.82	18.17	17.73
Earnings Per Share (₹) (Basic)	23.77	22.43	17.72	14.66	12.31	19.80	18.61	19.63	12.53	12.12
Capital Employed	40,442.90	36,954.47	29,693.24	25,131.74	22,317.52	18,202.93	15,433.65	8,967.28	7,354.79	4,612.40
Book value per Share	220.00	196.00	172.05	136.61	249.54	226.30	208.48	144.56	129.35	78.81
ROI (PBIT/AV.CE) %	13.10	14.42	14.63	13.83	12.83	11.33	13.52	14.95	16.72	20.25
RONW %	11.62	12.17	11.20	10.97	10.43	9.09	10.22	9.84	12.32	17.39
Employee Cost to Collections %	15.80	15.66	15.15	15.18	15.40	14.93	14.65	14.21	13.69	13.23
Debt/Equity Ratio	0.35	0.35	0.29	0.43	0.44	0.33	0.25	0.19	0.13	0.42

TEN years Standalone Financial Performance at a Glance

(₹ in million)

Profit & Loss Account	31st March 2014		31st March 2013		31st March 2012		31st March 2011		31st March 2010		31st March 2009		31st March 2008		31st March 2007		31st March 2006		31st March 2005	
		(%)		(%)		(%)		(%)		(%)		(%)		(%)		(%)		(%)		%)
Income	38,840.00	-	33,488.18	-	28,279.20	-	23,495.65	-	18,587.45	-	14,803.50	-	11,500.66	-	8,995.15	-	7,190.54	-	5,956.11	-
Operative Expenses	20,018.93	51.54	17,198.23	51.36	14,554.76	61.95	12,275.73	52.25	9,944.64	53.50	8,096.51	54.69	6,207.33	53.97	4,901.83	54.49	3,905.90	54.32	3,186.49	53.50
Salaries and Wages	6,102.23	15.71	5,243.99	15.66	4,285.07	18.24	3,572.00	15.20	2,863.80	15.41	2,210.51	14.93	1,684.82	14.65	1,278.70	14.21	984.16	13.69	788.08	13.23
Administrative Expenses	6,356.58	16.37	5,200.16	15.53	4,516.91	19.22	3,697.38	15.74	2,633.37	14.17	2,065.74	13.95	1,582.37	13.76	1,297.76	14.43	927.68	12.90	762.76	12.86
Other Expenses	-	-	-	-	-	-	-	-	3.43	0.02	5.81	0.04	8.72	0.08	13.68	0.15	19.04	0.26	28.08	0.42
Operating Profit	6,363.14	16.38	5,845.80	17.46	4,922.46	20.95	3,950.54	16.81	3,145.63	16.92	2,424.94	16.38	2,017.41	17.54	1,503.48	16.71	1,353.76	18.83	1,190.70	20.00
Financial Expenses	870.68	2.24	726.25	2.17	636.03	2.71	551.45	2.35	377.47	2.03	223.16	1.51	198.98	1.73	164.24	1.83	117.50	1.63	155.95	2.62
Depreciation	1,290.78	3.32	1,085.20	3.24	911.28	3.88	705.85	3.00	543.06	2.92	439.20	2.97	367.46	3.19	308.01	3.42	261.33	3.63	226.43	3.80
Provision for Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21.36	0.36
Extraordinary Items	-	-	45.45	-	-	-	-	-	-	-	40.19	0.27	-	-	325.07	3.61	92.00	1.28	72.78	1.22
PBT	4,201.68	10.82	4,079.80	12.18	3,375.15	14.36	2,693.24	11.46	2,221.65	11.95	1,722.39	11.63	1,450.98	12.62	1,356.30	15.08	882.93	12.28	714.18	12.00
Tax - Current	-	-	295.45	0.88	435.46	1.85	556.45	2.37	577.12	3.10	479.79	3.24	381.12	3.31	288.16	3.20	252.92	3.52	221.19	3.71
Previous	-	-	-	-	-	-	-	-	-	-	-	-	13.27	0.12	33.48	0.37	-	-	-	-
Deferred	894.48	2.30	693.26	2.07	629.79	2.68	319.61	1.36	124.89	0.67	36.86	0.25	19.06	0.17	20.44	0.23	14.54	0.20	1.15	0.02
Fringe Benefit Tax	-	-	-	-	-	-	-	-	-	-	25.04	0.17	20.07	0.17	13.52	0.15	13.01	0.10	-	-
PAT	3,307.20	8.51	3,091.09	9.23	2,309.90	9.83	1,817.18	7.73	1,519.63	8.18	1,180.69	7.97	1,017.45	8.85	1,000.70	11.12	602.16	8.37	491.84	8.26
Dividend	799.96	-	765.19	-	537.87	-	467.67	-	432.49	-	401.60	-	352.11	-	258.18	-	227.18	-	166.39	-

Independent Auditor’s Report

To the Board of Directors of Apollo Hospitals Enterprise Limited

Report on the Consolidated Financial Statements.

1. We have audited the accompanying Consolidated financial statements of APOLLO HOSPITALS ENTERPRISE LIMITED (‘‘the Company’’) and its subsidiaries, and its jointly controlled entities and associate companies (collectively referred to as ‘‘the Group’’) which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with Accounting Standards notified under the Companies Act, 1956 (the Act) (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September,2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial/consolidated financial statements of the subsidiaries, associates and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

6. The financial statements of Subsidiaries (Note 2A), Joint Ventures (Note 2C), which in the aggregate represents total assets (net) as at March 31, 2014 of ₹ 5,238.10 million (31.03.2013: ₹ 6,669.91 million), total revenues (net) for the year ended on that date of ₹ 7,210.46 million (31.03.2013: ₹ 10,985.21 million), total net Loss of ₹ 472.12 million (31.03.2013: ₹ loss of 78.44 million) and net cash flows of ₹ 2,848.44 million (31.03.2013: ₹ 2428.11 million) and of Associates (Note 2B), which reflect the Group's share of profit of ₹ 104.34 million (31.03.2013: profit of ₹ 86.50 million) for the year, have been audited by other auditors (Unique Home Health Care Limited, a subsidiary and Apollo Munich Health Insurance Company Limited, a Joint Venture, audited by us) whose reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts included in respect of these entities are based solely on the report of the other auditors.

The consolidated financial statements include the group's share of loss of ₹ 18.87 million (31.03.2013 – loss of ₹ 31.81 million) of Quintiles Phase One Clinical Trials India Private Limited, a Joint Venture and is based on the unaudited management certified accounts.

17, Bishop Wallers Avenue (West),	For **M/s S Viswanathan**
Mylapore,	Chartered Accountants
Chennai – 600 004	FRN : 004770S
	V C Krishnan
Place: Chennai	Partner
Date :28th May 2014	Membership No: 022167

Consolidated Financial Statements

Consolidated Balance Sheet

As at 31st March 2014

(₹ in million)

Particulars	Note	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4	695.63	695.63
(b) Reserves and surplus	5	29,071.17	26,772.10
(c) Money received against share warrants		-	-
2 Minority Interest		187.83	173.44
3 Non-current liabilities			
(a) Long-term borrowings	6	12,223.80	10,789.00
(b) Deferred tax liabilities (Net)	7	3,519.10	2,545.70
(c) Other Long term liabilities	8	37.52	46.55
(d) Long-term provisions	9	22.00	27.86
4 Current liabilities			
(a) Short-term borrowings	10	625.01	578.77
(b) Trade payables		2,803.65	2,217.63
Add : Share of Joint Ventures		446.81	469.48
(c) Other current liabilities*	11	2,763.04	2,899.53
(d) Short-term provisions	12	1,329.23	1,174.94
TOTAL		**53,724.79**	**48,390.65**
II. ASSETS			
1 Goodwill on Consolidation		1,499.44	1,453.00
2 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	13	25,135.52	21,766.55
(ii) Intangible assets	14	177.95	186.33
(iii) Capital work-in-progress	15	4,739.21	3,885.86
(iv) Intangible assets under development		173.85	148.07
(b) Non-current investments	16	1,660.66	1,479.54
(c) Deferred tax assets (Net)	7	**228.17**	**251.45**
(d) Long-term loans and advances	17	5,101.05	3,685.74
3 Current assets			
(a) Current investments	18	1,555.01	3,787.59
(b) Inventories	19	2,785.51	2,186.83
(c) Trade receivables	20	5,197.66	4,733.03
(d) Cash and cash equivalents	21	2,741.47	3,200.64
(e) Short-term loans and advances	22	**2,407.22**	**1,389.74**
(f) Other current assets	23	322.07	**236.26**
TOTAL		**53,724.79**	**48,390.63**

* includes a portion of Long term borrowings of ₹ 594.77 million payable within the next 12 months.

As per our Report annexed
For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004

Place : Chennai
Date : 28th May 2014

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Consolidated statement of Profit & Loss

for the year ended 31st March 2014

(₹ in million)

Particulars	Note	31.03.2014	31.03.2013
I. REVENUE FROM OPERATIONS	24	41,171.21	35,394.29
Add: Share in Joint Ventures		2,663.00	2,292.77
II. OTHER INCOME	25	214.65	301.74
TOTAL		**44,056.86**	**37,988.80**
III. EXPENSES			
(a) Cost of materials consumed during the year		10,353.24	9,430.00
(b) Puchase of Stock-in-Trade		10,962.79	8,639.91
(c) Changes in inventories of stock-in-trade		(461.98)	(89.84)
Add: Share in Joint Ventures		647.24	578.26
(d) Employee benefits expense	26	7,274.49	6,231.31
(e) Finance costs	27	1,193.77	1,032.50
(f) Depreciation and amortization expense#		1,677.91	1,423.42
(g) Other expenses	28	8,342.32	6,815.41
TOTAL		**39,989.78**	**34,060.97**
IV. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		4,067.08	3,927.83
V. EXTRAORDINARY ITEMS *		-	62.95
VI. PROFIT BEFORE TAX		4,067.08	3,990.78
VII. TAX EXPENSE			
(a) Current tax (MAT)		882.82	841.49
(b) MAT Credit Entitlement		(860.51)	(534.66)
(c) Net Current Tax		22.31	306.83
(d) Deferred tax	7	995.74	743.54
(e) Deferred tax Asset		0.43	-
VIII PROFIT / (LOSS) FOR THE PERIOD		3,049.45	2,940.41
Less : Minority Interest		(13.65)	(16.58)
IX PROFIT AFTER MINORITY INTEREST		3,063.10	2,956.99
Add: Share in Associates		104.34	86.51
X PROFIT AFTER SHARE IN ASSOCIATES		3,167.44	3,043.50
IX EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH			
Before Extraordinary Item			
Basic (in ₹)		22.77	21.62
Diluted (in ₹)		22.77	21.42
After Extraordinary Item			
Basic (in ₹)		22.77	22.08
Diluted (in ₹)		22.77	21.88
X. Consolidated Notes Forming Part of Accounts			

\# Nil ₹ 0.50 million being the group share of impairment of fixed assets of Quintiles Phase one clinical Trials India Pvt Ltd.
* Represents profit on sale of the company's equity investment in Apollo Health Street Limited

As per our Report annexed
For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S
V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004
Place : Chennai
Date : 28th May 2014

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Notes Forming Part of Accounts

Accounting Policies & Notes forming part of the Consolidated Accounts of Apollo Hospitals Enterprise Limited, its Subsidiaries, Associates and Joint Ventures.

1. Basis of Accounting

The financial statements are prepared under the historical cost convention under the accrual method of accounting and as a going concern, in accordance with the Generally Accepted Accounting Principles (GAAP) prevalent in India and the Mandatory Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006 and according to the provisions of the Companies Act, 1956.

Apollo Hospital (Uk) Limited

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Suitable accounting policies are selected and applied consistently and judgments and estimates made are reasonable and prudent. The financial statements have been prepared on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Quintiles Phase One Clinical Trials India Private Limited

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules 2006 as amended] of the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

Apollo Munich Health Insurance Company Limited

The financial statements have been prepared in accordance with generally accepted accounting principles and practices followed in India and conform to the statutory requirements of the Insurance Act, 1938, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, orders and directions issued by IRDA in this regard, The Companies Act, 1956 to the extent applicable and the accounting standards issued by the Institute of Chartered Accountants of India(ICAI) to the extent applicable. The financial statements have been prepared on historical cost convention and on accrual basis as a going concern.

2. Basis of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21-'Consolidated Financial Statements', Accounting Standard 23-'Accounting for Investment in Associates in Consolidated Financial Statements' and Accounting Standard 27-'Financial Reporting of Interests in Joint Ventures', as notified under the Companies (Accounting Standards) Rules, 2006.

A. Investment in Subsidiaries

1. The Subsidiary Companies considered for the purpose of consolidation are:

Name of the Subsidiary	Country of Incorporation	% of holding as on 31st March 2014	% of holding as on 31st March 2013
Unique Home Health Care Limited	India	100.00	100.00
AB Medical Centres Limited	India	100.00	100.00
Apollo Health and Lifestyle Limited	India	100.00	100.00
Samudra Healthcare Enterprise Limited	India	100.00	100.00
Imperial Hospital & Research Centre Limited #	India	85.76	85.76
Apollo Hospital (UK) Limited	United Kingdom	100.00	100.00
Apollo Nellore Hospitals Limited	India	79.44	74.94
Apollo Cosmetic Surgical Centre Private Limited ###	India	###	69.40
Alliance Medicorp (India) Limited	India	51.00	51.00
Western Hospitals Corporation Private Limited	India	100.00	100.00
ISIS Healthcare India Private Limited	India	-	*
Mera Healthcare Private Limited	India	-	*
Apollo Koramangla Cradle Limited@@	India	@@	@@
Apollo Clinics (Gujarat) Limited*	India	*	*
Alliance Dental Care Limited@	India	@	@
Sapien Bioscience Private Limited	India	70.00	70.00

Formerly Imperial Cancer Hospital & Research Centre Limited.

* 100% subsidiary of Apollo Health and Lifestyle Limited. During the year 2013-14 ISIS Healthcare India Private Limited and Mera Healthcare Private Limited has been amalgamated with Apollo Health & Lifestyle Limited

@@ 81% subsidiary of Apollo Health and Lifestyle Limited (2012-13 : 100%)

Investment in Apollo Cosmetic Surgical Centre Private Limited has been transferred to Apollo Health & Lifestyle Limited, hence it is now 69% subsidiary of Apollo Health & Lifestyle Limited.

@ Subsidiary of Alliance Medicorp (India) Limited in which AHEL holds 23.78% (21.07%)

2. Financial Statements of all the subsidiaries have been drawn upto 31st March 2014.

3. Minority Interest consists of the share in the net assets of the subsidiaries, as on the date of the Balance Sheet.

B. Investment in Associates

1. The Associate Companies considered in the Consolidated Financial Statements are:

Name of the Associate Company	Country of Incorporation	Proportion of ownership interest (%) as on 31st March 2014	Proportion of ownership interest (%) as on 31st March 2013
Indraprastha Medical Corporation Limited.	India	22.03	22.03
Family Health Plan Limited.	India	49.00	49.00
Stemcyte India Therapautics Private Limited	India	24.50	24.50

2. The financial statements of all associates are drawn upto 31st March 2014.

C. Investments in Joint Ventures

1. The following are jointly controlled entities.

Name of the Company	Country of Incorporation	Proportion of ownership interest (%) as on 31st March 2014	Proportion of ownership interest (%) as on 31st March 2013
Apollo Gleneagles Hospitals Limited	India	50.00	50.00
Apollo Gleneagles PET – CT Private Limited	India	50.00	50.00
Apollo Hospitals International Limited**	India	50.00**	50.00**
Future Parking Private Limited	India	49.00	49.00
Apollo Munich Health Insurance Company Limited	India	10.23	10.23
Apollo Lavasa Health Corporation Limited	India	37.50	34.66
Quintiles Phase One Clinical Trials India Private Limited	India	40.00	40.00

**Apollo Hospitals Enterprise Limited directly holds 23% (23%) in Apollo Hospitals International Limited and a further 27% (27%) through its wholly owned subsidiary Unique Home Health Care Limited.

2. The Financial statements of all the Joint Ventures are drawn upto 31st March 2014.

3. In the case of Quintiles Phase One Clinical Trials India Private Limited, a joint venture, unaudited Management Certified accounts has been taken for consolidation.

4. The Group's interests in the Joint Ventures accounted for using proportionate consolidation in the Consolidated Financial Statements are:Financial Statements are:

(₹ in million)

Particulars		As at 31st March,2014	As at 31st March,2013
I	**ASSETS**		
Non-current assets			
(a)	Fixed assets		
	(i) Tangible assets	2,244.71	2,143.60
	(ii) Intangible assets	18.43	13.02
	(iii) Capital work-in-progress	87.55	137.69
	(iv) Intangible assets under development	-	-
(b)	Non-current investments	489.31	386.32
(c)	Deferred tax assets (net)	108.73	108.73
(d)	Long-term loans and advances	234.75	195.47
Current assets			
(a)	Current investments	9.04	20.45
(b)	Inventories	44.18	41.89
(c)	Trade receivables	288.90	287.96
(d)	Cash and cash equivalents	404.99	362.55
(e)	Short-term loans and advances	42.06	48.42
(f)	Other current assets	112.60	84.44
II	**LIABILITIES**		
Non-current liabilities			
(a)	Long-term borrowings	665.39	681.59
(b)	Deferred tax liabilities (Net)	151.06	100.66
(c)	Other Long term liabilities	20.91	18.87
(d)	Long-term provisions	6.98	6.26
Current liabilities			
(a)	Short-term borrowings	195.66	277.22
(b)	Trade payables	446.81	469.48
(c)	Other current liabilities	790.50	663.89
(d)	Short-term provisions	1.75	0.08
III	**INCOME**		
(a)	Revenue from operations	2,663.00	2,292.77
(b)	Other income	17.73	16.80
IV	**EXPENSES**		
(a)	Material consumption, purchase of stock in trade and changes in inventories	647.24	578.26
(b)	Employee benefits expense	476.64	432.55
(c)	Finance costs	115.06	126.28
(d)	Depreciation and amortization expense	168.45	154.30
(e)	Other expenses	1,154.73	962.49
	Profit before tax	118.61	55.72
(a)	Provision for Taxation(Including Deferred Tax Liability)	64.88	33.85
(b)	Add: Deferred tax asset	0.38	-
	Net Profit	54.10	21.88
V	**OTHER MATTERS**		
(a)	Contingent Liabilities	270.66	200.65
(b)	Capital Commitments	202.39	100.38

D. As far as possible the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances, and are presented in the same manner as the Company's separate financial statements.

E. The effects arising out of variant accounting policies among the group Companies have not been calculated and dealt with in the Consolidated Financial Statements since it is impracticable to do so. Accordingly, the variant accounting policies adopted by the Subsidiaries, Associates and Joint Ventures have been disclosed in the financial statements.

F. For the fiscal year ending 31st March 2014, the Company (AHEL) has been exempted from publishing the standalone accounts of all fifteen of its subsidiaries under section 212(1) of the Companies Act, 1956. However, necessary disclosure under section 212(1) has been made.

G. The foreign operations of the Company are considered as non – integral foreign operations. Hence, the assets and liabilities have been translated at the exchange rate prevailing on the date of the Balance Sheet, Income and Expenditure has been translated at average exchange rates prevailing during the reporting period. Resultant currency exchange gain or loss is transferred to Foreign Currency Translation Reserve.

3. Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements are in conformity with generally accepted accounting principles and requires the management to make estimates and assumptions that affect the reported values of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.

B. Inventories

1. The inventories of all medicines, medicare items traded and dealt with by the Company are valued at cost. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the Net Realisable Value is not applicable. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for VAT wherever applicable, applying the FIFO method.

2. Stock of provisions, stores (including lab materials and other consumables), stationeries and housekeeping items are stated at cost. The net realisable value is not applicable in the absence of any further modification/ alteration before being consumed in-house only. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location, after adjusting for VAT wherever applicable applying FIFO method.

3. Surgical instruments, linen, crockery and cutlery are valued at cost and are subject to 1/3 write off wherever applicable applying FIFO method. The net realisable value is not applicable in the absence of any further modification/alteration before being consumed in-house. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location.

4. Imported inventories are accounted for at the applicable exchange rates prevailing on the date of transaction.

Alliance Medicorp (India) Limited

Inventories are stated at lower of Cost or net realizable value. Cost of Inventory comprises cost of purchase of inventories. Net Realizable value represent the estimated selling price less all estimated cost necessary to complete the sale.

Apollo Health and Lifestyle Limited

Consumables are valued at lower of cost or net realisable value. Cost is determined on First in First out basis. Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make sale.

Apollo Gleneagles Hospitals Limited

Inventories are valued at lower of the Cost or net realizable value. Costs have been calculated on first-in, first-out basis. Items such as surgical instruments/tools etc. are charged out over a period of 36 months from the month of their purchase.

Future Parking Private Limited

Raw Material:

Raw Material, Stores and Spares are valued at weighted average cost. Cost comprises all costs of purchase.

Work-in-progress:

Work-in-progress is valued at cost or the contract rates whichever is lower.

Completed projects:

Completed Projects are valued at cost or net realizable value, whichever is less.

Indraprastha Medical Corporation Limited

i) Inventories are valued at lower of cost and net realizable value.

ii) The cost in respect of the items constituting the inventories has been computed on FIFO basis.

C. Prior Period Items and Extraordinary Items

Prior period items and extraordinary items are separately classified, identified and dealt with as required under Accounting Standard 5 on 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' as notified under the Companies (Accounting Standards) Rules, 2006.

D. Depreciation and Amortisation

i. Depreciation has been provided

a. On assets installed after 1st April, 1987 on straight line method at rates specified in Schedule XIV of the Companies Act, 1956 on single shift basis.

b. On assets installed prior to 2nd April 1987 on straight-line method at the rates equivalent to the Income Tax rates.

ii. Depreciation on new assets acquired during the year is provided at the rates applicable from the date of acquisition to the end of the financial year.

iii. In respect of the assets sold during the year, depreciation is provided from the beginning of the year till the date of its disposal.

iv. Individual assets acquired for ₹ 5,000/- and below are fully depreciated in the year of acquisition.

Apollo Hospitals Enterprise Limited

v. Amortization

a. The cost/premium of land and building taken on lease by the Company from Orient Hospital, Madurai will be amortised over a period of 30 years though the lease is for a period of 60 years.

The cost/premium of land and building taken additionally on lease by the Company at Madurai is for a period of 9 years with an option to extend the lease by another 16 years. The depreciation on the leasehold building is charged on a straight line basis with the lease period being considered as 25 years.

The Company has taken land in Karaikudi from Apollo Hospitals Educational Trust on lease for a period of 30 years. The building constructed on the lease land will be amortised over a period of 30 years. This is in conformity with the definition of the lease term as per Clause 3 of AS 19 ‘Leases’ as notified under the Companies (Accounting Standards) Rules, 2006.

b. Lease rental on operating leases is recognised as an expense in the Statement of Profit and Loss on straight-line basis as per the terms of the agreement in accordance with Accounting Standard 19 ‘Leases’ as notified under the Companies (Accounting Standards) Rules, 2006.

A.B. Medical Centres Limited

Depreciation on Fixed Assets purchased before December 1993 are provided on a Straight Line Method (on pro-rata basis) at the old rates prescribed in Schedule XIV of the Companies Act, 1956 and assets purchased after January 1994 are provided on Straight Line Method (on pro-rata basis) at the new rates prescribed in Schedule XIV of the Companies Act, 1956.

Apollo Cosmetic Surgical Center Private Limited

Depreciation has been provided on “Written Down Value” method at rates specified in Schedule XIV to the Companies Act, 1956.

Apollo Health and Lifestyle Limited

Depreciation is provided using the straight-line method, pro rata for the period of use of the assets, at annual depreciation rates stipulated in Schedule XIV to the Indian Companies Act, 1956, or based on the estimated useful lives of the assets, whichever is higher, as follows:-

Asset	Rates of Depreciation %
Furniture and Fittings	6.33
Office Equipment	4.75
Air Conditioners	4.75
Electrical Fittings	4.75
Computers	16.21
Broadband Connections	16.21
Vehicles	9.50
Medical Equipments	7.07
Vehicles -Motor vehicle	20.00
Software & Packages	16.21

Sapien Biosciences Private Limited

Depreciation on additions / deletions from fixed Assets during the year is charged on pro-rata basis from/up to the date on which the asset becomes available/now available for use. Lease hold land is amortised over the lease life of the land.

Apollo Gleneagles Hospitals Limited

Depreciation on fixed assets is provided for on straight line basis as follows:

(a) Hospital Buildings - at 3.33 %.

(b) Other Assets – As per Schedule XIV of the Companies Act, 1956.

Apollo Lavasa Health Corporation Limited

Depreciation on Fixed Assets other than Intangible Assets has been provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis. Cost of lease hold land is amortized on a straight line basis over the period of lease.

In respect of intangible assets being computer software relating to Hospital Management System is amortized over the estimated useful life of ten years under straight line method on pro-rata basis.

Apollo Munich Health Insurance Company Limited

Depreciation on fixed assets is provided on straight line method (SLM) with reference to the management’s assessment of the estimated useful life of the asset or rates mentioned in Schedule XIV to Companies Act, 1956, whichever is higher. The depreciation rates used are given below:

Asset Class	Rate of Depreciation
Information Technology Equipment	25%
Computer Software	20%
Office equipments	25%
Furniture & Fixtures	25% or on the basis of lease term of premises, whichever is higher
Vehicles	20%
Media Films	33%

Assets individually costing up to ₹ 20,000 are fully depreciated in the year of purchase. Depreciation on assets purchased / disposed off during the year is provided on pro- rata basis with reference to the date of addition / deletion.

Quintiles Phase One Clinical Trials India Private Limited

Depreciation on tangible assets is provided at the rates prescribed in Schedule XIV to the Companies Act, 1956, or at the rates determined based on the useful life of the assets, as estimated by the management, whichever is higher. Depreciation is provided based on the Straight Line Method. The rates adopted for depreciation determined on the basis of useful life of tangible assets are as follows:

Asset	Rate of Depreciation (p.a)
Hospital Equipment	15%
Computers	20%
Office Equipment	15%
Furniture	15%
Vehicles	20%

Fixed assets costing less than ₹ 5,000 and mobile phones are depreciated fully in the year of purchase.

Leasehold Improvements are amortized over the primary period of lease i.e. 5 years.

Family Health Plan (TPA) Limited

Depreciation has been provided on the written Down Value method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except: Intangible assets (computers software) are amortized at same rate of computers.

Indraprastha Medical Corporation Limited

a. Depreciation is charged on straight line method at the rates prescribed under schedule XIV to the Companies Act, 1956 (considered the minimum rate) or at higher rates, if the estimated useful life based on technological evaluation of the assets are lower than as envisaged under Schedule XIV to the Companies Act. In case of additions and deletions during the year, the computations are on the basis of number of days for which the assets have been in use. Assets costing not more than ₹ 5,000/- each individually have been depreciated fully in the year of purchase.

b. When impairment loss / reversal is recognized, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any) on a systematic basis over its remaining useful life.

Amortisation of Intangible Assets

i. Intangible assets are amortised on straight line method over the estimated useful life of the asset.

ii. The useful life of the intangible assets for the purpose of amortisation is estimated to be three years.

E. Revenue Recognition

a. Income from Healthcare Services is recognised on completed service contract method. The hospital collections of the Company are net of discounts. Revenue also includes the value of services rendered pending final billing in respect of in-patients undergoing treatment as on 31st March 2014.

b. Pharmacy Sales are recognised when the risk and reward of ownership is passed to the customer and are stated net of returns, discounts and exclusive of VAT wherever applicable.

c. Hospital Project Consultancy income is recognised as and when it becomes due, on percentage completion method, on achievement of milestones.

d. Income from Treasury Operations is recognised on receipt or accrual basis whichever is earlier.

e. Interest income is recognised on a time proportion basis taking into account the principal amount outstanding and the rate applicable.

f. Royalty income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

g. Dividend income is recognised as and when the owner's right to receive payment is established.

Alliance Medicorp (India) Limited

Dialysis income is recognized as and when the related services are performed.

Other income is accounted on accrual basis except where receipt of income is uncertain.

Apollo Health and Lifestyle Limited

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from services is recognized as per the standard terms with the customer when the related services are performed, with reference to Cradle the One Time License fee is recognized based on percentage of Completion method.

The Company has recognized revenue as follows.

One Time License Fees

- With reference to Clinics 70% of One Time License fee is recognized on signing the MOU, 15% on completion of 3 months from date of signing MOU and balance 15% on commencing of operation and recognizing 100% of OTLF on signing the MOU of renewal.
- With Reference to Cradle the One Time License fee is recognized based on percentage of Completion method.

Operating License Fee

- Operating License Fee is recognized as a percentage of the gross sales.

Owned clinics operational income

- Owned clinics recognizes revenues on the basis of the services rendered on cash or on accrual basis whichever is earlier.

Corporate services Fee

- Corporate services fee is recognized on basis of the services rendered and as per the terms of the agreement.

Other Incomes

- All other incomes are recognized on a pro-rata basis, based on the completion of work and as per the terms of the agreement.

Interest

- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable Interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

All the above incomes are recognized net of service tax or VAT wherever applicable

Sapien Biosciences Private Limted

Revenue from operations is recognized based on services provided and billed as per the terms of the specific contract.

Unique Home Health Care Limited

Income from medical services is recognized net of payment to Medical Staff.

Income from Hostel Receipts is recognized net of payment made towards Hostel Rent and Mess Expenses and is accounted on accrual basis.

Apollo Munich Health Insurance Company Limited

a. Premium

Premium (net of service tax) is recognized as income over the contract period or period of risk, whichever is appropriate. Any subsequent revision or cancellation of premium is accounted for in the year in which they occur.

b. Commission on Reinsurance Premium

Commission on reinsurance ceded is recognized as income in the year of cession of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by the reinsurer.

c. Premium Deficiency

Premium deficiency is recognized whenever the ultimate amount of expected claims, related expenses and maintenance costs exceeds related sum of premium carried forward to the subsequent accounting period as reserve for unexpired risk.

d. Reserve for Unexpired Risk

Reserve for unexpired risk represents that part of the net premium (premium net of reinsurance ceded) attributable to the succeeding accounting period subject to a minimum amount of reserves as required by Section 64V (1) (ii) (b) of Insurance Act, 1938.

e. Interest / Dividend Income

Interest income is recognized on accrual basis. Accretion of discounts and amortization of premium relating to debt securities is recognized over holding /maturity period. Dividend is recognized when the right to receive the dividend is established

f. Accretion / Amortization of Discounts/ Premium

Accretion of discounts and amortization of premium relating to debt securities is recognized over holding / maturity period.

Quintiles Phase One Clinical Trials India Private Limited

Income from fixed deposits is recognized on a time proportion basis taking into account the amount invested and the rate of interest.

Family Health Plan (TPA) Limited

All the TPA streams of revenue are being recognized on accrual basis. Income from TPA operations is recognized exclusive of applicable service tax.

Indraprastha Medical Corporation Limited

a. Revenue is recognized on accrual basis. Hospital Revenue comprises of income from services rendered to the out-patients and in-patients. Revenue also includes value of services rendered pending billing in respect of in-patients undergoing treatment as at the end of the year.

b. Under the "Served from India Scheme" introduced by Government of India, an exporter of service is entitled to certain export benefits on foreign currency earned. The revenue in respect of export benefits is recognized on the basis of the foreign exchange earned at the rate at which the said entitlement accrues to the extent there is no significant uncertainty as to the amount of consideration that would be derived and as to its ultimate collection.

F. Fixed Assets

a. All Fixed Assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses are recognised where necessary (Also refer Note 3 (O) in the Notes forming part of Accounts). Additional cost relating to the acquisition and installation of fixed assets are capitalised. Wherever VAT is eligible for input availment, Fixed Assets are stated at cost of acquisition after deduction of input VAT.

b. Capital work – in – progress comprises of and amounts expended on development/acquisition of Fixed Assets that are not yet ready for their intended use at the Balance Sheet Date. Expenditure during construction period directly attributable to the projects under implementation is included under Capital work - in – progress, pending allocation to the assets. Advances paid to acquire fixed assets is included under long term loans and advance as per revised Schedule VI.

c. Assets acquired under Hire Purchase agreements are capitalised to the extent of principal value, while finance charges are charged to revenue on accrual basis.

d. Interest on borrowings, for acquisition of Fixed Assets and exchange fluctuation arising out of foreign borrowings, hither to written off in this Statement of Profit & Loss, and the related revenue expenditure incurred for the period prior to the commencement of operations for the expansion activities of the Company are capitalised.

G. Transactions in Foreign Currencies

a. Monetary items relating to foreign currency transactions remaining unsettled at the end of the year are translated at the exchange rates prevailing at the date of Balance Sheet. The difference in translation of monetary items and the realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss in accordance with Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)', as notified under the Companies (Accounting Standards) Rules, 2006 (Also refer Note 25 (a) in the Notes forming part of Accounts).

b. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities borrowed for the acquisition of Fixed Assets, hither to recognized in the Statement of Profit and Loss are now capitalised based on Para 46A of Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

c. The use of foreign currency forward contract is governed by the Company's policies approved by the Board of Directors. These hedging contracts are not for speculation.

H. Investments

Investments are classified as current or long term in accordance with Accounting Standard 13 on 'Accounting for Investments'

a. Long-term investments are stated at cost to the Company in accordance with Accounting Standard 13 on 'Accounting for Investments'. The Company provides for diminution in the value of Long-term investments other than those temporary in nature.

b. Current investments are valued at lower of cost and fair value. Any reduction to carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

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

d. In case of foreign investments,

   i. The cost is the rupee value of the foreign currency on the date of investment.

   ii. The face value of the foreign investments is shown at the face value reflected in the foreign currency of that country.

Apollo Munich Health Insurance Company Limited

Investments are made in accordance with the Insurance Act, 1938 and Insurance Regulatory & Development Authority (Investment) Regulations, 2000, as amended from time to time. Investments are recorded at cost including acquisition charges (such as brokerage, transfer stamps) if any, and exclude interest paid on purchase. Debt securities, including Government securities are considered as held to maturity and are stated at historical cost adjusted for amortization of premium and/or accretion of discount over the maturity period of securities on straight line basis.

Listed and actively traded securities are measured at fair value as at the Balance Sheet date. For the purpose of calculation of fair value, the lowest value of the last quoted closing price of the stock exchanges is considered wherever the securities are listed. Unrealized gain/losses due to change in fair value of listed securities is credited / debited to 'Fair Value Change Account', Investments in Units of Mutual funds are stated at fair value being the closing Net Asset Value (NAV) at Balance Sheet date. Unrealized gains/losses are credited /debited to the 'Fair Value Change Account'

Future Parking Private Limited

Investments are classified as long-term and current investments. Long-term investments are shown at cost or written down value (in case of other than temporary diminution) and current Investments are shown at cost or market value whichever is lower (in case of other than temporary diminution).

I. Accounting For Amalgamation

As per the order of Hon'ble High Court of Karnataka dated 28th January 2014 in the matter of company petition no. 53 & 54 of 2012, M/s. Meera Healthcare Private Limited and M/s. ISIS Healthcare India Private Limited were ordered to be dissolved without winding up and the scheme of Amalgamation has been sanctioned amalgamating both the petitioner companies with M/s. Apollo Health & Lifestyle Limited.

As per Accounting standard – 14, the amalgamation is in the nature of Merger and accordingly the method of accounting adopted is that of "Pooling of Interest".

J. Employee Benefits

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost.

Long-term employee benefits (benefits which are payable after the end of twelve months from the end of the period in which employees render service), and post employment benefits (benefits which are payable after completion of employment), are measured on a discounted basis by the Projected Unit Credit Method, on the basis of annual third party actuarial valuations.

Defined Contribution Plan

The Company makes contribution towards Provident Fund and Employees State Insurance as a defined contribution retirement benefit fund for qualifying employees.

The Provident Fund Plan is operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost, as per the statute, to the retirement benefit schemes to fund the benefits. Employees State Insurance dues are remitted to the Employees State Insurance Corporation.

Defined Benefit Plans

For Defined Benefit Plan the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial Gains or Losses are recognised in full in the Statement of Profit and Loss for the period in which they occur.

a. Gratuity

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the ICICI and Life Insurance Corporation of India, for funding the defined benefit plan for qualifying employees which is recognised as an expense. The Scheme provides for lump sum payment to vested employees at retirement, death while in employment, or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service, or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company restricts the payment of gratuity to the employees below the rank of General Managers to the limits specified in the payment of Gratuity Act, 1972. However the Company complies with the norms of Accounting Standard 15.

b. Leave Encashment Benefits

The Company pays leave encashment benefits to employees as and when claimed, subject to the policies of the Company. The Company provides leave benefits through Annual Contribution to the fund managed by HDFC Life.

Imperial Hospital & Research Centre Limited

a. Gratuity

The Company has made contribution towards a recognized gratuity fund. The provisions made are on the basis of actuarial valuation. The following are recognized in the financial statement -

₹ in million

PV of past services benefit	8.05
Current Service Cost	2.47
Closing balance of the Planned Asset	0.30
Interest on Planned Asset	0.01
Provisions during the year	0.37

b. Provident Fund

The Company is registered with the jurisdictional Provident Fund Commissioner for provident fund benefits and is contributing to the fund as per prescribed law. The contributions to the Provident fund are accounted on accrual basis.

c. Leave encashment benefits

As per the company policy, every employee who has worked for a period of not less than 240 days during a calendar year shall be eligible for not less than 15 days privilege leave computed at the rate of one day for every 20 days of actual service. The provisions made in the books of account are on the basis of actuarial valuation. The Company is proposing to open the Group Leave Encashment Fund with the Actuary.

Unique Home Health Care Limited

a. The company is not covered by The Payment of Gratuity Act, 1972 since the number of employees is below the statutory minimum as prescribed by the Act.

b. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is also not applicable to the Company as the number of employees is below the statutory minimum.

c. The Employees State Insurance Act, 1948 is also not applicable to the Company as the number of employees is below the statutory minimum.

d. The Company does not have any leave encashment scheme or sick leave policy.

J. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such asset. As per Accounting Standard 16 'Borrowing costs', a qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are expensed as and when incurred.

K. Segment Reporting

Identification of Segments

The Company has complied with Accounting Standard 17- 'Segment Reporting' with Business as the primary segment.

The Company operates in a single geographical segment, which is India, and the products sold in the pharmacies, are regulated under the Drug Control Act, which applies uniformly all over the Country. The risk and returns of the enterprise are very similar in different geographical areas within the Country and hence there is no reportable secondary segment as defined in Accounting Standard 17.

Segment Policies

The accounting policies adopted for segment reporting are in line with the accounting policies adopted in consolidated financial statements with the following additional policies for Segment Reporting:

a. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "unallocable expenses".

b. Inter segment revenue and expenses are eliminated.

The Company has disclosed this Segment Reporting in Consolidated Financial Statements as per para (4) of Accounting Standard – 17- 'Segment Reporting'.

L. Lease

Operating Lease

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

M. Earnings per Share.

In determining the earnings per share, the Company considers the net profit after tax before extraordinary item and after extraordinary items and includes post - tax effect of any extraordinary items. The number of shares used in computing the basic earnings per share is the weighted average number of shares outstanding during the period. For computing diluted earnings per share, potential equity shares are added to the above weighted average number of shares.

N. Taxation

a. Income Tax

Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period as and when the related revenue and expense arise. A provision is made for Income Tax annually based on the tax liability computed after considering tax allowances and exemptions.

b. Deferred Tax

The differences that result between the profit calculated for income tax purposes and the profit as per the financial statements are identified and thereafter deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and get reversed in another, based on the tax effect of the aggregate amount being considered. Deferred tax asset are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. The tax effect is calculated on the accumulated timing differences at the beginning of this accounting year based on the prevailing enacted or substantively enacted regulations.

O. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An asset is treated as impaired based on the cash generating concept at the year end, when the carrying cost of assets exceeds its recoverable value, in terms of Para 5 to Para 13 of AS-28 'Impairment of Assets' as notified under the Companies (Accounting Standards) Rules, 2006 for the purpose of arriving at impairment loss thereon, if any. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

P. Bad Debts Policy

The Board of Directors approves the Bad Debt Policy, on the recommendation of the Audit Committee, after the review of debtors every year. The standard policy for write off of bad debts is as given below subject to management inputs on the collectability of the same,

Period	% of write off
0-1 years	0
1-2 years	25
2-3 years	50
Over 3 years	100

Q. Intangible Assets

Intangible assets are initially recognised at cost and amortised over the best estimate of their useful life. Cost of software including directly attributable cost, if any, acquired for internal use, is allocated / amortised over a period of 36 months to 120 months.

Apollo Health and Lifestyle Limited

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life

Imperial Hospital & Research Centre Limited

Cost of software including directly attributable cost, if any, acquired for internal use, is allocated /amortized over a period of 5 years.

Family Health Plan Limited

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life.

Indraprastha Medical Corporation Limited

- Intangible assets are amortised on straight line method over the estimated useful life of the asset.
- The useful life of the intangible assets for the purpose of amortisation is estimated to be three years.

R. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event and 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.

Contingent liabilities are not provided for unless a reliable estimate of probable outflow to the Company exists as at the Balance Sheet date. Contingent assets are neither recognised nor disclosed in the financial statements.

S. Derivative Financial Instruments

The Company is exposed to foreign currency fluctuations on foreign currency loans and payables. The company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The company enters into derivative financial instruments where the counterparty is a bank.

All derivatives are effective hedges against an underlying liability and any cash flows are recognised as and when they occur. Attributable transaction costs are recognised in statement of income as cost.

Gain/(losses) on settlement of foreign currency derivative instruments relating to borrowings which have not been designated as hedges are recorded in finance expense.

T. Insurance – related Policies

Apollo Munich Health Insurance Company Limited

i. Reinsurance Premium

Reinsurance Premium on ceding of risk is accounted in the year in which risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Unearned premium on reinsurance ceded is carried forward to the period of risk and is set off against related unearned premium. Premium on excess of loss reinsurance cover is accounted as per the reinsurance arrangements.

ii. Acquisition Cost of Insurance Contracts

Costs relating to acquisition of new and renewal of insurance contracts viz commission, etc., are expensed in the year in which they are incurred.

iii. Premium Received in advance

Premium received in advance represents premium received in respect of those policies issued during the year where the risk commences subsequent to the Balance Sheet date.

iv. Claims Incurred

Estimated liability in respect of claims is provided for the intimations received upto the year end based on, assessment made by Third Party Administrator (TPA). Information provided by the insured and judgment based on the past experience. Claims are recorded in the revenue account, net of claims recoverable from reinsurers / coinsurers to the extent there is a reasonable certainty of realization. These estimates are progressively re-valued on availability of further information.

v. Claims incurred but not reported (IBNR) and claims incurred but not enough reported(IBNER)

IBNR represents that amount of claims that may have been incurred prior to the end of the current accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported. IBNR and IBNER liabilities are provided based on actuarial principles and certified by the Appointed Actuary. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Actuarial Society of India and in concurrence with the IRDA.

vi. Allocation of Investment Income

Investment income is apportioned to Statement of Profit & Loss and Revenue Account in the ratio of average of shareholder's funds and policy holders' funds at the end of each month.

vii. Fair Value Change Account

'Fair Value Change Account' represents unrealized gains or losses due to change in fair value of traded securities and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of shareholder's funds and not available for distribution as dividend.

viii. Profit / Loss on Sale / Redemption of Investments

Profit or loss on sale / redemption of investments, being the difference between sale consideration / redemption value and carrying value of investments is credited or charged to Statement of Profit and Loss. The profit / loss on sale of investments include accumulated changes in the fair value previously recognized in 'Fair Value Change Account' in respect of a particular security.

ix. Long Term / Short Term Investments

Investments maturing within twelve months from the Balance Sheet date and investments made with specific intention to dispose off within twelve months from the date of acquisition are classified as short term investments. Other investments are classified as long term Investments.

4. Share Capital

(₹ in million)

Particulars	Amount 31.03.2014	Amount 31.03.2013
Authorised		
200,000,000 (2012-13:200,000,000) equity shares of ₹ 5/- each	1,000.00	1,000.00
1,000,000(2012-13 : 1,000,000) Preference Shares of ₹ 100/- each	100.00	100.00
	1,100.00	**1,100.00**
Issued		
139,658,177 (2012-13 : 139,658,177) equity shares of ₹ 5/- each	698.29	698.29
Subscribed and Paid up		
139,125,159 (2012-13 :139,125,159) equity shares of ₹ 5/- each fully paid up	695.63	695.63

Reconciliation of the number of shares

Particulars	31.03.2014 Equity Shares		31.03.2013 Equity Shares	
	Number	Amount (₹ in million)	Number	Amount (₹ in million)
Shares outstanding at the beginning of the year	139,125,159	695.63	134,466,618	672.33
Shares Issued to IFC on conversion of FCCB Bonds	-	-	1,381,619	6.91
Shares Issued on Conversion of Share warrants	-	-	3,276,922	16.38
Shares outstanding at the end of the year	139,125,159	695.63	139,125,159	695.63

Rights, Preferences and Restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of ₹ 5 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholders Holding more than 5% of Total Paid Up Capital

Name of the Shareholder	31.03.2014 Equity Shares		31.03.2013 Equity Shares	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
PCR Investments Ltd	27,223,124	19.57	21,313,124	15.32
Integrated Mauritius Healthcare Holdings Ltd	15,093,860	10.85	15,093,860	10.85
Oppenheimer Developing Markets Fund	11,678,894	8.39	10,507,859	7.55
HSTN Acquisition (FII) Limited.	-	-	4,417,069	3.17

a. The Parent Company had issued 9,000,000 Global Depository Receipts of ₹ 10 (now 18,000,000 Global Depository Receipts of ₹ 5) each with two way fungibilty during the year 2005-06. Total GDR's converted into underlying Equity Shares for the year ended on 31st March 2014 is 147,449 (2012-13 : 4,597,869) of ₹ 5 each and total equity shares converted back to GDR for the year ended 31st March 2014 is 439,944 (2012-13 : 10,949) of ₹ 5 each. Total GDR's converted into equity shares upto 31st March 2014 is 25,079,178 (2012-13 : 24,931,729) of ₹ 5 each.

5. Reservesand Surplus

(₹ in million)

	Particulars	31.03.2014	31.03.2013
a.	**Capital Reserves**		
	Opening Balance	18.44	18.44
	Closing Balance	**18.44**	**18.44**
b.	**Capital Reserve on Consolidation**		
	Opening Balance	155.25	155.25
	Closing Balance	155.25	155.25
c.	**Capital Fund**		
	Opening Balance	**2.62**	**2.62**
	Closing Balance	2.62	2.62
d.	**Capital Redemption Reserve**		
	Opening Balance	**60.02**	**60.02**
	Closing Balance	60.02	60.02
e.	**Securities Premium Account**		
	Opening Balance	17,599.55	15,633.19
	Add : Securities premium credited on Share issue	-	1,942.86
	Add : Share premium from Group Companies	11.25	23.50
	Closing Balance	17,610.80	17,599.55
f.	**Debenture Redemption Reserve**		
	Opening Balance	**800.00**	**170.00**
	(+) Current Year Transfer	12.50	630.00
	Closing Balance	812.50	800.00
g.	**General Reserve**		
	Opening Balance	**6,249.03**	**5,249.03**
	(+) Current Year Transfer	1,500.00	1,000.00
	(+) Share of Associates	4.52	9.82
	(+) Share of Profits / (Loss) Subsidiaries	217.36	166.19
	(+) Transfer from Investment allowance reserve	7.63	-
	(+) Transfer from Foreign exchange fluctuation reserve	0.19	-
	(+) Profit from Joint Ventures	**508.61**	**500.39**
	Closing Balance	**8,487.34**	**6,925.43**
h.	**Investment Allowance Reserve**		
	Opening Balance	7.63	7.63
	(-) Transfer to General reserve	7.63	-
	Closing Balance	-	7.63
i.	**Foreign Currency Translation Reserve**	**-**	**0.02**
j.	J. Fair value change account	0.11	0.04
K.	**Foreign Exchange fluctuation Reserve**		
	Opening Balance	**0.19**	**0.19**
	(-) Transfer to General reserve	0.19	-
	Closing Balance	-	0.19
h.	**Surplus**		
	Opening balance	1,202.91	714.72
	(-) Dividend paid on FCCB loan and Share Warrants	-	21.66
	(+) Net Profit/(Net Loss) For the current year	3,169.60	3,035.08
	(-) Proposed Dividend on Equity Shares for the year	799.97	765.19
	(-) Dividend Distribution Tax on Proposed dividend on Equity Shares	**135.95**	**130.04**
	(-) Transfer to Reserves	**1,500.00**	**1,000.00**
	(-) Transfer to Debenture Redemption Reserve	**12.50**	**630.00**
	Closing Balance	**1,924.09**	**1,202.91**
	Total	**29,071.17**	**26,772.10**

6. Long Term Borrowings

(₹ in million)

		Particulars	31.03.2014	31.03.2013
	Secured			
(a)	**Non-convertible Debentures**			
	1,000 (2012-13: 1,000) 10.3% Debentures of ₹ 1,000,000/- each		1,000.00	1,000.00
	940 (2012-13: 940) 10.15% Debentures of ₹ 1,000,000/- each		940.00	940.00
	1,250 (2012-13: 1,250) 9.8% Debentures of ₹ 1,000,000/- each		1,250.00	1,250.00
(b)	**Term loans**			
	From Banks			
	(i)	HDFC Bank Limited	1,453.24	1,164.25
	(ii)	Yes Bank	114.54	1,058.90
	(iii)	ICICI	400.00	200.00
	(iv)	Indus Ind Bank Ltd - Chennai	383.23	-
	From Other parties			
	IFC Loan (External Commercial Borrowings)		965.27	1179.77
	IFC Loan (External Commercial Borrowings)		1,636.80	1,636.80
	HSBC (External Commercial Borrowings)		1,246.60	1,355.00
	HSBC (Bills Payable)		504.58	141.86
	Total		**9,894.26**	**9,926.58**
	Add: Share of Joint ventures		608.26	648.27
	Total		**10,502.52**	**10,574.85**
	Unsecured			
	(i)	**Deposits**		
	Fixed Deposits		335.95	180.83
	(ii)	**Other loans and advances**		
	Bank of Tokyo Mitsubishi UFJ (External Commercial Borrowings)		1328.20	-
	Total		**12,166.67**	**10,755.68**
	Add : Share of Joint Ventures		57.13	33.32
	Total		**12,223.80**	**10,789.00**

Apollo Hospitals Enterprise Limited

a. 10.30% Non Convertible Debentures

The Company issued 500 Nos. 10.30% Non Convertible Redeemable Debentures of ₹ 1 million each on 28th December 2010 with an option to re-purchase/re-issue some or all of its debentures in the secondary market or otherwise, at any time prior to the specified date of redemption of 28th December 2020 and 500 Nos. 10.30% Non-Convertible Redeemable Debentures of ₹ 1 million each on 22nd March 2011 which will be redeemed on 22nd March 2021 to the Life Insurance Corporation of India.

b. 10.15% Non Convertible Debentures

The Company issued 1000 Nos. 10.15% Non Convertible Redeemable Debentures of ₹ 1 million each on 22nd March 2012 with an option to re-purchase/re-issue some or all of its debentures in the secondary market or otherwise, at any time prior to the specified date of redemption of 22nd March 2017. The Company had redeemed debentures amounting to ₹ 60 million last year as per the terms and conditions of the issue and the residual debenture of ₹ 940 million is outstanding as of 31st March 2014.

c. 9.80% Non Convertible Debentures

The Company issued 1,250 Nos. 9.80% Non Convertible Redeemable Debentures of ₹ 1 million each on 11th July 2012 with an option to re-purchase/re-issue some or all of the debentures in the secondary market or otherwise at any time prior to the specified date of redemption of 11th July 2017 to First Rand Bank Limited.

The Debentures stated above in point (a),(b) &(c) are secured by way of pari passu first charge on the fixed assets of the Company, existing and future along with Bank and Institutions; such pari passu first charge ensuring at least a cover of 1.25 times the value of the outstanding principal amount of the loan.

d. HDFC Bank Limited

The Company has availed Rupee Term Loan of ₹ 1,300 million from HDFC Bank Limited, which is repayable in twenty quarterly instalments commencing from September 2013 and interest payable @ 11% pa. The loan is secured by first pari passu charge on all present and future movable and immovable fixed assets of the company along with minimum cover of 1.25 times the value of the outstanding principal amount of the loan.

e. International Finance Corporation (External Commercial Borrowings)

The Company was sanctioned a sum of US$ 35 million from International Finance Corporation, Washington by way of External Commercial Borrowings (ECB). The Company has withdrawn the full amount of US$ 35 million as of 31st March 2012 on the above loan. The ECB loan is secured by way of pari passu first ranking charge on the fixed assets owned by the Company such pari passu charge ensuring atleast a cover of 1.25 times the value of the outstanding principal amount of the loan. The Loan is repayable in 15 equal semi-annual Instalments starting from 15th September, 2012. During the year two instalments of US$ 2,333,333 each were repaid on 15th September 2013 and 15th March 2014.

The company was granted a further loan of US$ 30 million in the year 2012-13.The ECB loan is secured by way of pari passu first ranking charge on the fixed assets of the company ensuring atleast a cover of 1.25 times the value of the outstanding principal amount of the loan.

The Company entered into a Currency Cum Interest Rate Swap (CCIRS) with HDFC Bank Limited in Indian Rupee and hedged the loan for interest and foreign currency fluctuation risk. The derivative contract is secured by a second charge on the immovable assets of the Company to the extent of ₹ 1,100 million. The tenure of this derivative contract matches with the tenure of the loan outstanding as of 31st March 2014.

f. HSBC (External Commercial Borrowings)

The company has drawn a loan of US$ 25 million from HSBC in the year 2012-13. The Company entered into a Currency Cum Interest Rate Swap (CCIRS) with HSBC Bank in Indian Rupee and hedged the loan for interest and foreign currency fluctuation risk. The ECB loan is secured by way of pari passu first ranking charge on the fixed assets of the Company.

g. HSBC (Buyer's Line of Credit)

The Company has availed a buyer's line of credit of USD 8.40 million(PY: USD 2.61 million), for the equipment imported. The loan is secured by first pari passu ranking charge on the entire existing and future movable fixed asset of the company with minimum cover of 1.25 times the value of the outstanding principal amount of the loan. (previous year it was given in INR)

h. Bank of Tokyo – Mitsubishi UFJ (External Commercial Borrowings)

Bank of Tokyo has granted an unsecured loan of US$ 20 million during the year 2013-14 and the same loan has been hedged at ₹ 66.41 per US$ with HSBC. The Company has entered into a Currency Cum Interest Rate Swap (CCIRS) with HSBC Bank Ltd in Indian Rupee for Interest rate and foreign currency fluctuation risk.

7. Deferred Tax Liabilties

The deferred tax for the year recognized in the Statement of Profit and Loss of the group comprises:

(₹ in million)

Particulars	31.03.2014	31.03.2013
Deferred Tax Liability recognized in the statement of Profit or loss	995.74	743.34
Deferred Tax Asset recognized in the statement of Profit or loss	0.39	6.44

The accumulated deferred tax liability/(asset) of the group as on 31st March 2014 comprises:

(₹ in million)

	Particulars	31.03.2014	31.03.2013
I	**Deferred Tax Liability**		
	On Account of Depriciation	1,256.00	1,139.32
	On Account of Deferred Revenue Expenditure (Deferred Tax Assets)	31.67	51.25
	On Account of 35Ad	2,244.59	1,355.13
	Others	(13.15)	-
	Total	**3,519.11**	**2,545.70**
II	**Deferred Tax Assets**		
	On account of Unabsorbed Losses and Depreciation	228.17	251.45
	Total	**228.17**	**251.45**

Note: amount shown within brackets represents deferred tax asset.

Alliance Medicorp (India) Limited

The Net Deferred Tax Asset, on account of Carry forward losses and Unabsorbed Depreciation is not recognized in the books of accounts, on prudence.

Apollo Munich Health Insurance Company Limited

The Company has carried out its deferred tax computation in accordance with the mandatory Accounting Standard, AS 22 - 'Taxes on Income' issued by the Institute of Chartered Accountants of India. There has been a net deferred tax asset amounting to ₹ 1,200.84 million (Previous Year ₹1,032.82 million) on account of accumulated losses. However, as a principle of prudence, the Company has not recognized deferred tax assets in the financial statements for the year ended 31st March 2014.

Performance Highlights
Corporate Review
Statutory Section
Business Review
Standalone Financials
Consolidated Financials

8. Other Long Term Liabilities

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	Others		
	Rent Deposits	15.74	25.75
	Other Deposits	0.88	1.92
	Total	**16.61**	**27.67**
	Add : Share of Joint Ventures	20.91	18.88
	Total	**37.52**	**46.55**

9. Long Term Provisions

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	**Provision for employee benefits**		
	Gratuity (Unfunded)	9,37	14.58
	Leave Encashment (Unfunded)	5.65	7.02
	Total	**15.02**	**21.60**
	Add: Share of Joint Ventures	6.98	6.26
	Total	**22.00**	**27.86**

10. Short Term Borrowings

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Secured		
(i)	**Loans repayable on demand from banks**		
	State Bank of Travancore		26.31
	Canara Bank	144.27	
	Yes Bank Ltd	148.31	118.06
	Indus Ind Bank Ltd - Chennai	98.51	
	Axis Bank	33.10	5.81
	Unsecured		
(i)	**Deposits**		
	Fixed Deposits	5.17	151.37
	Total	**429.35**	**301.55**
	Add : Share of Joint Ventures	195.66	277.22
	Total	**625.01**	**578.77**

11. Other Current Liabilities

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	Current maturities of long-term debt	594.77	763.25
(b)	Interest accrued but not due on borrowings	93.88	180.92
(c)	Income received in advance	-	29.58
(d)	Unpaid dividends	25.12	22.27
(e)	Unpaid matured deposits and interest accrued thereon	4.40	25.31
(f)	Other payables		
	Sundry Creditors Others	159.39	296.86
	Retention Money on Capital Contracts	3.03	4.60
	Inpatient Deposits	201.75	205.61
	Rent Deposits	14.93	13.93
	Other Deposits	6.80	2.31
	Tax Deducted at Source	134.96	123.89
	Outstanding Expenses	733.51	567.11
	Wealth Tax	-	1.92
	Total	**1,972.54**	**2,235.64**
	Add: Share of Joint Ventures	790.50	663.89
	Total	**2,763.04**	**2,899.53**

Apollo Hospitals Enterprise Limited

During the year, the amount transferred to Investors Education and Protection Fund of the Central Government as per the provisions of Section 205A and 205C of the Companies Act, 1956 is ₹ 1.97 million (₹ 1.60 million) in aggregate which comprises of ₹ 1.97 million (₹ 1.59 million) as unpaid dividend and 'Nil' (₹ 0.01 million) as unpaid deposit.

12. Short Term Provisions

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	**Provision for employee benefits**		
	Bonus	207.08	171.14
	Gratuity & EL	184.48	108.48
	Total	**391.56**	**279.62**
(b)	**Others**		
	For Dividend - Equity Shares	799.97	765.19
	For Dividend Distribution Tax - Equity Shares	135.95	130.04
	Total	**935.92**	**895.23**
	Add : Share of Joint Ventures	1.75	0.09
	Total	**1,329.23**	**1,174.94**

13. Tangible Assets

(₹ in million)

Fixed Assets	Gross Block				Accumulated Depreciation					Net Block	
	Balance as at April 1, 2013	Additions	Deletions	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation charge for the year	On disposals	Impairments	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at April 1, 2013
Tangible Assets											
Land	1,819.18	190.95	-	2,010.13	-	-	-		-	2,010.13	1,819.18
Buildings	5,971.41	1,137.14	-	7,108.55	553.77	169.44	-		723.21	6,385.34	5,417.64
Leasehold Improvements	2,219.36	826.85	196.75	2,849.46	262.66	100.35	0.16		362.85	2,486.61	1,956.70
Plant and Equipment									-		
Medical Equipment & Surgical Instruments	9,485.41	1,606.12	446.57	10,644.96	3,281.36	578.82	307.77		3,552.41	7,092.55	6,204.05
Air Conditioning Plant & Air Conditioners	1,205.48	363.70	22.87	1,546.31	386.73	226.31	2.11		610.93	935.38	818.75
Furniture and Fixtures	2,218.40	427.67	49.06	2,597.01	682.20	152.21	12.79		821.62	1,775.39	1,536.20
Vehicles	388.76	91.73	16.43	464.06	151.01	38.29	6.19		183.11	280.95	237.75
Office equipment	1,141.48	194.87	10.19	1,326.16	591.18	110.07	3.86		697.39	628.77	550.30
Others									-		
Electrical Installations & Generators	1,344.01	259.74	1.04	1,602.71	416.84	50.75	(0.67)		468.26	1,134.45	927.17
Fire fighting Equipment	76.58	1.18	-	77.76	8.29	1.21	-		9.50	68.26	68.29
Boilers	2.90	0.60	-	3.50	1.16	-	-		1.16	2.34	1.74
Kitchen Equipment	53.60	5.16	-	58.76	13.83	1.13	-		14.96	43.80	39.77
Refrigerators	39.15	3.26	0.65	41.76	9.28	1.37	0.21		10.44	31.32	29.87
Wind Electric Generator	26.85	-	-	26.85	11.60	-	-		11.60	15.25	15.25
Total	**25,992.57**	**5,108.97**	**743.56**	**30,357.98**	**6,369.91**	**1,429.95**	**332.42**	**0.00**	**7,467.44**	**22,890.54**	**19,622.66**
Less Depreciation written Back		0.00	0.00		0.28				0.28	(0.28)	0.28
Total	**25,992.57**	**5,108.97**	**743.56**	**30,357.98**	**6,369.63**	**1,429.95**	**332.42**		**7,467.16**	**22,890.82**	**19,622.94**
Share of Joint Ventures	3,177.61	268.01	8.43	3,437.19	1,034.00	163.68	5.19		1,192.49	2,244.70	2,143.61
Total	**29,170.18**	**5,376.98**	**751.99**	**33,795.17**	**7,403.63**	**1,593.63**	**337.61**		**8,659.65**	**25,135.52**	**21,766.55**
Previous Year	24,765.58	4,788.25	383.65	29,170.18	6,199.55	1,345.95	142.27	0.40	7,403.63	21,766.55	18,566.03

14. Intangible Assets

(₹ in million)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block		
	Balance as at April 1, 2013	Additions	Deletions	Balance as at March 31, 2014	Balance as at April 1, 2013	Amortization for the year	On disposals	Impairments	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at April 1, 2013
Computer Software	283.67	55.69	2.22	337.14	129.67	68.33	2.54	-	195.46	141.68	154.00
Trademark and concept rights	22.34	7.77	5.13	24.98	3.03	4.11	-	-	7.14	17.84	19.31
Total	**306.01**	**63.46**	**7.35**	**362.12**	**132.70**	**72.44**		**-**	**202.60**	**159.52**	**173.31**
Share of Joint Ventures	38.84	10.19	-	49.03	25.82	4.77	(0.01)		30.60	18.43	13.02
Total	**344.85**	**73.65**	**7.35**	**411.15**	**158.52**	**77.21**	**2.53**	**-**	**233.20**	**177.95**	**186.33**
Previous Year	292.81	81.31	29.27	344.85	96.76	73.91	12.15	-	158.52	186.33	196.05

15. Capital Work –in-Progress ₹ 4,913.06 million (₹ 4,033.93 million) comprises amounts spent on assets under construction and directly related pre-operative expenses. The amount of interest included in capital work in progress is ₹ 529.13 million (₹ 377.39 million)*.

* Includes Interest on Borrowings Capitalised for the year ended 31st March 2014 of ₹ 341.12 million (₹ 252.00 million).

16. Non Current Investments

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Trade Investments (Refer Table A below)		
(a)	Investment in Equity instruments	682.33	610.23
(b)	Investments in preference shares	171.11	-
	Total (A)	**853.44**	**610.23**
	Other Investments (Refer Table B below)		
(a)	Investment in Equity instruments	175.81	75.44
(b)	Investment in Preference Shares	22.00	22.00
(c)	Investments in debentures or bonds	10.00	-
(d)	Investments in Government or Trust securities	**0.17**	**0.20**
	Total (B)	**207.98**	**97.64**
	Grand Total (A + B)	1,061.42	707.87
	Advance for Investment	**109.93**	**385.35**
	Add : Share of Jointventure	489.31	386.32
	Total	**1,660.66**	**1,479.54**

	Particulars	31.03.2014	31.03.2013
(a)	Aggregate amount of quoted investments (Market value ₹ 784.41 million 2012-13:₹ 660.24 million)	561.39	515.35
(b)	Aggregate amount of unquoted investments	1,099.27	963.69
	Total	**1,660.66**	**1,479.54**

A) Details of Trade Investments

(₹ in million)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Face Value	No. of Shares / Units	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount	Amount	Whether stated at Cost Yes/No
			As at 31st March 2014	As at 31 March 2013			As at 31st March 2014	As at 31 March 2013	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Investement in Equity Instruments									
Indraprastha Medical Corporation Limited	Associate	10	20,190,740	20,190,740	Quoted	Fully Paid	548.74	513.20	Yes
Stemcyte India Therapautics Private Limited	Associate	1	240,196	240,196	Unquoted	Fully Paid	95.97	95.30	Yes
Kurnool Hospital & Enterprises Limited	Others	10	157,500	157,500	Unquoted	Fully Paid	1.73	1.73	Yes
Rajshree Hospital and Research Centre Private Limited	Others	10	1,175,982	-	Unquoted	Fully Paid	35.89	-	Yes
Investments in Preference Shares									
Rajshree Hospital and Research Centre Private Limited	Others	10	5,606,548	-	Unquoted	Fully Paid	171.11	-	Yes
Total							**853.44**	**610.23**	

B) Details of Other Investments

(₹ in million)

Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	Face Value	No. of Shares / Units	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount	Amount	Whether stated at Cost Yes/No
			31.03.2014	31.03.2013			31.03.2014	31.03.2013	
Investement in Equity Instruments									
Family Health Plan Limited	Associate	10	490,000	490,000	Unquoted	Fully Paid	103.33	72.79	Yes
Kurnool Hospitals Enterprises Limited	Others	10	157,500	157,500	Unquoted	Fully Paid	1.73	1.73	Yes
Health Super Hiway Private Limited	Others	10	200	200	Unquoted	Fully Paid	0.002	0.02	Yes
The Karur Vysya Bank	Others	10	12,811	12,811	Quoted	Fully Paid	2.49	2.49	Yes
Cholamandalam DBS Finance Ltd	Others	10	1,000	1,000	Quoted	Fully Paid	0.16	0.16.	Yes
Sunrise Medicare Private Ltd	Others	10	-	78	Unquoted	Fully Paid	0.00	.	Yes
AMG Health care Destination Pvt Ltd	Others	10	1,232,500	-	Unquoted	Fully Paid	12.33	-	Yes
Clover Energy Pvt Ltd	Others	**10**	1,571,250	-	Unquoted	Fully Paid	15.71	-	Yes
Indo Wind Power Pvt Ltd	Others	10	75,000	-	Unquoted	Fully Paid	0.75	-	Yes
Tirunelveli Vayu Energy Generation Pvt Ltd	Others	1,000	36	-	Unquoted	Fully Paid	13.61	-	Yes
Cureus Inc (Stanford-US)	Others	-	935,000	-	Unquoted	Fully Paid	27.43	-	Yes
Investments in Preference Shares									
Health Super Hiway Private Limited	Others	54.10	406,514	406,514	Unquoted	Fully Paid	22.00	22.00	Yes
Investments in Debentures or Bonds									
ECL Finance - Non Convertible Debentures	Others	1,000	10,000	-	Quoted	Fully Paid	10.00	-	
Investments in Government or Trust securities									
National Savings Certificate	Others			-	Unquoted	Fully Paid	0.17	0.20	Yes
Total							**207.98**	**97.64**	

a. The Company has pledged its 20,775,197 shares in Apollo Gleneagles Hospitals Limited as a security for the loan advanced by IDFC and HDFC to Apollo Gleneagles Hospitals Limited. The pledge has since been cleared on 23rd April 2014.

b. National Saving Certificates shown under investments are pledged with the Chief Ration Officer, Government of Andhra Pradesh.

17. Long Term Loans and Advances

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
a.	Capital Advances				
	Unsecured, considered good		598.87		693.99
b.	Security Deposits				
	Unsecured, considered good		1,501.55		1,017.55
c.	Other Loans and Advances				
	Advance to Suppliers	-		0.05	
	MAT Credit Entitlement	1,549.71		716.44	
	Other Advances	484.90		517.29	
	Advance Income Tax	731.27		545.00	
			2,765.88		1778.73
	Total		**4,866.30**		**3,490.27**
	Add :Share of Joint Ventures		234.75		195.47
	Total		**5,101.05**		**3,685.74**

18. Current Investments

(₹ in million)

	Particulars	31.03.2014	31.03.2013
(a)	Investments in Equity Instruments	135.88	135.88
(b)	Investments in Debentures	10.00	10.00
(c)	Investments in Mutual funds	1,400.09	3,621.25
	Total	**1,545.97**	**3,767.13**
	Add: Share of Joint Ventures	9.04	20.46
	Total	**1,555.01**	**3,787.59**

(₹ in million)

Particulars	31.03.2014	31.03.2013
Aggregate amount of quoted investments	1,367.49	3,580.67
(Market Value ₹ 1,466.68 million (2012-13 : ₹ 3,657.47 million)		
Aggregate amount of unquoted investments	187.52	206.92
Total	**1,555.01**	**3,787.59**

Details of Current Investments

Name of the Body Corporate	Subsidiary / Associate /JV/ Controlled Entity / Others	Face Value ₹	No. of Shares / Units	No. of Shares / Units	Quoted / Unquoted	Partly Paid / Fully paid	Amount (₹ in million)	Amount (₹ in million)	Basis of Valuation
			31.03.2014	31.03.2013			31.03.2014	31.03.2013	
Investments in Equity Instruments									
British American Hospitals Enterprises Limited	Others	100MUR	928,720	13,93,079	Unquoted	Fully Paid	135.88	135.88	Cost
Investments in Debentures									
IFCI Venture Capital funds limited	Others	1,000,000	10	10	Unquoted	Fully paid	10.00	10.00	Cost
Investments in Mutual Funds									
ICICI Prudential Liquid Plan Daily Dividend	Others		-	8,677,204	Quoted	Fully paid	.	200.00	Cost
Reliance Floating Rate Fund - Short Term Plan Growth Plan	Others		-	14,397,190	Quoted	Fully paid	.	250.00	Cost
Reliance Floating Rate Fund - Short Term Plan Growth Plan	Others			11,450,688	Quoted	Fully paid	.	200.00	Cost
Reliance Dynamic Bond Fund Growth Plan	Others		-	17,435,790	Quoted	Fully paid	.	253.54	Cost
Kotak bond (Short term) Growth	Others		-	11,950,115	Quoted	Fully paid		250.00	Cost
IDFC SSIF Short term Plan C Growth	Others		-	7,848,123	Quoted	Fully paid	.	100.00	Cost
Kotak bond (Short term) Growth	Others		-	2,316,123	Quoted	Fully paid	.	50.00	Cost
IDFC SSIF Medium term Plan A Growth	Others		-	10,203,665	Quoted	Fully paid		200.00	Cost
ICICI Prudential short term regular Plan Growth Option	Others		2,139,907	2,139,907	Quoted	Fully paid	50.00	50.00	Cost
Canara Robeco short term Fund - regular Growth	Others		192,148	192,148	Quoted	Fully paid	2.50	2.50	Cost
Reliance Short Term fund - Growth Plan (ST- GP)	Others		4,681,714	4,681,714	Quoted	Fully paid	100.00	100.00	Cost
Canara Robeco short term Fund - regular Growth	Others		188,206.244	188,206	Quoted	Fully paid	2.50	2.50	Cost
Kotak Bond Scheme Plan A Growth	Others		9,136,630	5,903,031	Quoted	Fully paid	200.00	200.00	Cost
DWS Premier Bond Fund - Regular Plan - Growth	Others	-	10,330,899	10,330,899	Quoted	Fully paid	200.00	200.00	Cost
HDFC Income Fund - Growth	Others	-	7,413,063	7,413,063	Quoted	Fully paid	-	200.00	Cost
Reliance Short Term Fund - Growth Plan	Others	-	6,903,598	6,903,598	Quoted	Fully paid	150.00	150.00	Cost
SBI Short Term Debt Fund - Regular Plan - Growth	Others	-	14,922,589	14,922,589	Quoted	Fully paid	200.00	200.00	Cost
Reliance Income Fund - Growth Plan	Others	-	-	5,171,166	Quoted	Fully paid	-	200.00	Cost
IDFC SSIF Medium Term Plan A Growth	Others	-	-	5,006,183	Quoted	Fully paid	-	100.00	Cost
Kotak Bond Short Term	Others	-	-	6,820,507	Quoted	Fully paid	-	150.00	Cost
DWS Short Maturity Fund - Regular Plan - Growth	Others	-	-	4,785,788	Quoted	Fully paid	100.00	100.00	Cost
IDFC SSIF Investment Plan Growth - (Regular Plan)	Others	-	1,994,716	7,068,212	Quoted	Fully paid	56.79	200.00	Cost
ICICI Predential Short Term -Regular Plan - Growth Plan	Others	-	4,198,646	-	Quoted	Fully paid	100.00	100.00	Cost
Pine Bridge India Short Tern Fund Standard Monthly Dividend	Others	-	-	100,630	Quoted	Fully paid	-	101.43	Cost
Canara Robeco Short Term Fund - Regular Growth	Others	-	182,151	-	Quoted	Fully paid	2.50	-	Cost
Pine Bridge India Short Tern Fund Standard Monthly Dividend	Others	-	-	-	Quoted	Fully paid	50.00	-	Cost
Canara Robeco Short Term Fund - Regular Growth	Others	-	183,284	-	Quoted	Fully paid	2.50	-	Cost
L028G SBI Magnum Income Fund Regular Plan - Growth	Others	-	1,715,101	-	Quoted	Fully Paid	50.00	-	Cost
L148IG SBI Term Debt Fund - Regular Plan - Growth	Others	-	2,095,616	-	Quoted	Fully paid	30.00	-	Cost
Reliance Short Term Fund- Growth Plan - Growh Option	Others	-	1,292,802	-	Quoted	Fully paid	30.00	-	Cost
DWS Short Maturity - Regular Plan - Growth	Others	-	1,784,296	-	Quoted	Fully paid	40.00	-	Cost
HDFC Debt Fund	Others	-	2,000,000	-	Quoted	Fully paid	20.00	-	Cost
Reliance Income Fund Retail Plan-Growth Plan-Growth option	Others	-	30,231	30,231	Quoted	Fully Paid	0.70	0.70	Cost
AIG Short Term Fund Institutional Weekly Dividend	Others	1,000	42,553	40,548	Unquoted	Fully Paid	42.60	40.59	Cost
Kotak Flexi Debt Scheme Plan A - Growth	Others	-	1,386,366	-	Quoted	Fully Paid	20.00	20.00	Cost
Total		-					**1,545.97**	**3,767.13**	

19. Inventories

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Inventories		
a.	Medicines (Valued at Cost)	2,162.17	1,633.83
b.	Stores and spares (Valued at Cost)	149.46	132.91
c.	Lab Materials (Valued at Cost)	10.67	16.75
d.	Surgical Instruments (Valued at Cost)	257.95	250.66
e.	Other Consumables (Valued at Cost)	161.08	110.79
	Total	2,741.33	2,144.94
	Add: Share of Joint Ventures	44.18	41.89
	Total	**2,785.51**	**2,186.83**

20. Trade Receivables

(₹ in million)

Particulars	31.03.2014	31.03.2013
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	3,332.47	3,067.66
	3,332.47	3,067.66
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,576.29	1,377.41
Unsecured, considered doubtful	100.28	70.91
	1,676.57	1,448.32
Less: Provision for doubtful debts	100.28	70.91
	1,576.29	1,377.41
Total	**4,908.76**	**4,445.07**
Add: Share of Joint Ventures	288.90	287.96
Total	**5,197.66**	**4,733.03**

Trade Receivable stated above include debts due by:

(₹ in million)

Particulars	31.03.2014	31.03.2013
Directors*	-	-
Other officers of the Company*	-	-
Firm in which director is a partner*	-	-
Private company in which director is a member*	-	3.75
Total	-	3.75

* Either severally or jointly

i. Confirmations of balances from Debtors, Creditors are yet to be received in a few cases though the group has sent letters of confirmation to them. The balances adopted are as appearing in the books of accounts of the group.

ii. Sundry Debtors represent the debt outstanding on sale of pharmaceutical products, hospital services and project consultancy fees and is considered good. The group holds no other securities other than the personal security of the debtors.

iii. Advances and deposits represent the advances recoverable in case or in kind or for value to be realised. The amounts of these advances and deposits are considered good for which the group holds no security other than the personal security of the debtors.

21. Cash and Cash Equivalents

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
a.	a. Balances with banks				
	Current Accounts	1,717.01		1,812.67	
	Deposit Accounts	237.09		659.03	
	Unpaid Dividend Accounts	25.12		22.27	
	Margin money Deposits	2.75		68.57	
	Guarantees	184.75	2,166.72	149.75	2,712.29
b	Cash on hand*		169.76		125.80
	Total		**2,336.48**		**2,838.09**
	Add : Share of Joint Ventures		404.99		362.55
	Total		**2,741.47**		**3,200.64**

a. The Company's Fixed Deposit receipts amounting to ₹ 184.75 million (₹ 149.35 million) are under lien with the bankers for obtaining Bank Guarantees and Letters of credit.

22. Short Term Loans and Advances

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
	Short-term loans and advances				
a.	Loans and advances to related parties				
	Unsecured, considered good		52.46		129.27
	Other Loans and Advances				
	Advance to Suppliers	174.58		127.09	
	Other Advances	2,059.07		1,015.91	
	Loans and advacne to employees	79.05	2,312.70	69.05	1,212.05
	Total		**2,365.16**		**1,341.32**
	Add: Share of Joint Venture		42.06		48.42
	Total		**2,407.23**		**1,389.74**

23. Other Current Assets

(₹ in million)

Particulars	31.03.2014	31.03.2013
Other Current Assets		
Prepaid Expenses	160.29	108.57
Rent Receivables	3.96	3.92
Interest Receivables	35.69	30.75
Franchise Fees Receivable	9.53	8.59
Total	**209.46**	**151.83**
Add : Share of Joint Ventures	112.60	84.43
Total	**322.07**	**236.26**

24. Revenue from Operations

(₹ in million)

Particulars	31.03.2014	31.03.2013
Revenue from Healthcare services	27,341.72	23,974.35
Revenue from Pharmacy	13,648.44	11,016.95
Revenue from other services	189.05	402.98
Total	**41,179.21**	**35,394.29**
Add: Share of Joint Ventures	2,663.00	2,292.77
Total	**43,842.21**	**37,687.06**

25. Other Income

(₹ in million)

Particulars	31.03.2014	31.03.2013
Interest Income	45.20	178.61
Dividend Income	6.83	57.16
Net gain/(loss) on sale of investments	-	-
Current investment	-	4.22
Long term investment	136.73	107.88
Profit/(Loss) on Sale of Asset	0.01	-
Net gain on foreign currency transactions and translation	8.15	-
Total	**196.92**	**347.86**
Add : Share of Joint Ventures	17.73	16.82
Total	**214.65**	**364.68**

Apollo Hospitals Enterprise Limited

*For the year ended 31st March 2013, the profit on sale of investments in Apollo Health Street Limited amounting to ₹ 45.45 million is included and the same is shown under Extraordinary Items.

Unique Home Healthcare Limited

*For the year ended 31st March 2013, the profit on sale of investments in Apollo Health Street Limited amounting to ₹ 17.50 million is included and the same is shown under Extraordinary Items.

a. During the year the Foreign Exchange gain (the difference between the spot rates on the date of the transactions, and the actual rates at which the transactions are settled) is ₹ 8.15 million (2012-13 : Foreign Exchange Loss ₹ 1.41 million).

26. Employee Benefits Expense

(₹ in million)

Particulars	31.03.2014	31.03.2013
Salaries and wages	5,716.21	4,933.86
Contribution to provident and other funds	443.22	314.41
Employee State Insurance	82.44	65.47
Staff welfare expenses	341.02	296.48
Staff Education & Training	10.97	14.67
Bonus	203.99	173.87
Total	**6,797.85**	**5,798.76**
Add : Share of Joint Ventures	476.64	432.55
Total	**7,274.49**	**6,231.31**

The Following Companies in the group have complied with Accounting Standard 15 'Employee benefit' as notified under the Companies (Accounting Standards) Rules, 2006.

- Alliance Medicorp (India) Limited
- Samudra Healthcare Enterprises limited
- Apollo Health and Lifestyle Limited
- Apollo Lavasa Health Corporation Limited
- Apollo Gleneagles Hospital Limited
- Apollo Gleneagles PET – CT Private Limited
- Quintiles Phase One Clinical Trials India Private Limited
- Apollo Hospitals International limited
- Apollo Munich Health Insurance Company Limited
- Family Health Plan (TPA) Limited
- Indraprastha Medical Corporation Limited

In consideration of Accounting Standard Interpretation (ASI) 15 "Notes to the Consolidated Financial Statements" the information relating to the above given in the separate financial statements of Parent Company or other companies in the Group is not disclosed.

Apollo Hospitals Enterprise Limited

(₹ in million)

Particulars	as at 31st March 2014		as at 31st March 2013	
	Gratuity	Earned Leave	Gratuity	Earned Leave
Assumptions				
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of Increase in Salaries	6.00%	8.00%	6.00%	8.00%
Mortality pre- retirement	LIC 1994-96 Ultimate			
Disability	Nil	Nil	Nil	Nil
Attrition	23.00%	23.00%	23.00%	23.00%
Estimated rate of return on plan assets	8.00%	8.00%	8.00%	8.00%
Investment details on plan assets	100% of the plan Assets are invested on debt instruments			

(₹ in million)

Particulars	As at 31st March 2014			As at 31st March 2013		
	Gratuity	Earned Leave	Total	Gratuity	Earned Leave	Total
Present Value of Obligation as at the beginning of the year	282.00	138.55	420.55	245.90	112.47	358.37
Interest Cost	21.44	9.52	30.96	19.49	8.68	28.18
Current Service Cost	30.87	15.48	46.35	26.24	11.92	38.16
Benefit Paid	(27.92)	(39.17)	(67.09)	(4.51)	(7.84)	(12.35)
Actuarial (gain) / Loss on obligation	29.69	39.19	68.88	(5.12)	13.82	8.19
Present Value of Obligation end of the year	336.08	163.57	499.65	282.00	138.55	420.55
Defined benefit obligation liability as at the balance sheet is wholly funded by the company						
Change in plan assets						
Fair Value of Plan Assets beginning of the period	246.56	79.67	326.23	190.01	102.27	292.28
Expected return on plan assets	20.13	5.53	25.66	17.46	7.28	24.74
Contributions	35.44	58.88	94.32	56.00	10.20	66.20
Benefits paid	(27.92)	(39.17)	(67.09)	(4.51)	(7.84)	(12.35)
Actuarial gain / (loss)	(17.53)	(46.42)	(63.95)	(12.40)	(32.24)	(44.64)
Fair Value of Plan Assets as on 31st March, 2014	256.68	58.49	315.17	246.56	79.67	326.23
Reconciliation of present value of the obligation and the fair value of the plan assets						
Present value of obligation	336.08	163.57	499.65	282.00	138.55	420.55
Fair value of plan assets at the end of the year	256.68	-	315.17	(246.56)	(79.67)	(326.23)
Liability / (assets)	79.40	105.08	184.48	35.44	58.88	94.32
Unrecognised past service cost	-	-	-	-	-	-
Liability / (assets) recognised in the balance sheet	79.40	105.08	184.48	35.44	58.88	94.32
Gratuity & Leave Encashment cost for the period						
Service Cost	30.87	15.48	46.35	26.24	11.92	38.16
Interest Cost	21.44	9.52	30.96	19.49	8.68	28.18
Expected return on plan assets	(20.13)	(5.53)	(25.66)	(17.46)	(7.28)	(24.74)
Actuarial (gain) / loss	47.22	85.61	132.83	7.28	45.55	52.83
Past Service Cost	-	-	-	-	-	-
Net gratuity cost	79.40	105.08	184.48	35.55	58.88	94.43
Investment details of plan assets						
100% of the plan assets are invested in debt instruments						
Actual return on plan assets	2.60	(40.89)	(38.29)	5.06	(24.96)	(19.90)

i. Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations. The Gratuity scheme is invested in Gratuity Pay plan offered by ICICI.

ii. The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

27. Finance Costs

(₹ in million)

Particulars	31.03.2014	31.03.2013
Interest expense	959.33	784.91
Other borrowing costs		
Bank Charges	116.42	108.63
Brokerage & Commission	2.96	12.68
Total	**1,078.71**	**906.22**
Add : Share of Joint Ventures	115.06	126.28
Total	**1,193.77**	**1,032.50**

28. Other Expenses

(₹ in million)

Particulars	31.03.2014	31.03.2013
Power and fuel	778.21	642.20
House Keeping Expenses	248.06	227.91
Water Charges	75.06	57.10
Rent	1,286.84	1,119.00
Repairs to Buildings	136.56	136.62
Repairs to Machinery	429.80	322.61
Repairs to Vehicles	49.03	47.25
Office Maintenance & Others	345.76	251.61
Insurance	63.94	47.92
Rates and Taxes, excluding taxes on income	255.10	81.11
Printing & Stationery	226.45	198.01
Postage & Telegram	19.74	19.05
Director Sitting Fees	1.29	1.62
Advertisement, Publicity & Marketing	1,065.04	832.69
Travelling & Conveyance	417.16	322.38
Subscriptions	6.33	6.48
Security Charges	123.99	101.51
Legal & Professional Fees	299.54	323.43
Continuing Medical Education & Hospitality Expenses	37.80	33.73
Hiring Charges	65.87	53.78
Seminar Expenses	7.13	8.41
Telephone Expenses	128.45	109.84
Books & Periodicals	10.67	9.66
Donations	16.91	23.32
Bad Debts Written off	178.92	130.00
Provision for Bad Debts	-	20.18
Royalty paid	1.35	1.30
Outsourcing Expenses	789.59	591.00
Miscellaneous expenses	88.59	84.80
Loss on Sale of Asset	34.41	38.99
Exchange loss	-	1.41
Total	**7,187.59**	**5,852.92**
Add : Share of Joint Ventures	1,154.73	962.49
Total	**8,342.32**	**6,815.40**

a. Payment to auditors as statutory auditors

(₹ in million)

Particulars	31.03.2014	31.03.2013
Audit Fees*	7.87	12.88
Tax Audit Fees*	1.33	1.62
Certification*	1.58	0.83
Reimbursement of Expenses	0.75	0.43

*Inclusive of Service Tax @12.36%

b. Directors travelling included in travelling and conveyance amounts to ₹ 39.48 million (₹ 40.54 million).

29. Contingent Liabilities

(₹ in million)

	Particulars	31.03.2014	31.03.2013
	Contingent liabilities and commitments (to the extent not provided for)		
(i)	**Contingent Liabilities**		
	(a) Claims against the company not acknowledged as debt	246.95	294.54
	(b) Guarantees		
	Bank Guarantees	263.75	384.73
	Corporate Guarantees / Letter of comfort	475.00	35.00
	(c) Other money for which the company is contingently liable		
	Sales Tax	0.52	1.04
	Customs Duty	99.70	99.70
	Income Tax	401.09	354.86
	Letter of Credits	-	42.26
	EPCG	1,524.68	1,330.24
	Service Tax	51.10	23.34
	Value Added Tax	2.27	2.27
		3,065.06	2,567.98

(ii)	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**10,071.27**	**10,757.41**
		10,071.27	10,757.41
	Total	**13,136.33**	**13,325.39**

Family Health Plan (TPA) Limited

The Commissioner of Customs, Central Excise and Service Tax-Hyderabad-II Commisionerate vide Adjudication Order No.08/2008-Adjn-ST dated 24-03-2008 levied a Penalty u/s. 76 of the Finance Act towards delayed remittance of Service Tax payable (Amount of penalty not quantified). The Company has preferred Appeal against the above Order with The Hon'ble Customs, Excise and Service Tax Appellate Tribunal (South Zonal Bench) – Bangalore and got the Appeal admitted and also got the Stay Order from the Hon'ble Court for pre-deposit of penalty. The matter is sub-judice, awaiting final hearing.

The Company received a Show Cause Notice from the Income Tax Department during the Financial Year 2009-10 towards payment of TDS on payments made to the Hospitals on behalf of Insurance Companies along with the Interest for a period of six preceding financial years based on the CBDT Circular No.08 of November 2009 and amount not quantified.

The company had gone on an appeal against the Show Cause Notice from the Income Tax Department and also CBDT Circular No.08 of November 2009 in Chennai High Court for applicability of TDS on payments made to Hospitals as reimbursement of Expenses. The same was admitted and the court granted Stay of Operations of Show Cause Notice and also that of CBDT Circular.

Apollo Munich Health Insurance Company Limited

(₹ in million)

Particulars	31.03.2014	31.03.2013
Claims other than against policies, not acknowledged as debts by the company	13.90	Nil
Guarantees given by or on behalf of the company	3.98	3.78
Statutory demands/ liabilities in dispute, not provided for	6.20	7.62
Others*	97.80	109.80

*Represents amounts payable on cancellation of a service contract.

Indraprastha Medical Corporation Limited

In respect of other matters ₹ 10.05 million (₹ 55.69 million).

30. Utilisation of Amounts from Securities Issued

The Parent company has not raised any sum by way of issue of securities during the year 2013-14. Hence disclosure regarding utilisation of amounts from securities issued is not applicable.

31. Earnings per Equity Share

Particulars	31.03.2014	31.03.2013
Profit before extraordinary items attributable to equity shareholders (Amount ₹) (A1)	3,167.44	2,980.72
Weighted Averaged Equity Shares outstanding during the year (Nos) - (B1)	139,125,159	137,839,092
Basic Earnings Per Share before extra-ordinary item - (A1/B1)	22.77	21.62
Diluted Earnings before extraordinary items attributable to equity shareholders (Amount ₹) (A2)	3,167.44	2,980.72
Foreign Currency Convertible Bond issued (C1)	-	1,381,619
Promoter Share Warrnats (D1)	-	3,276,922
Weighted Averaged Equity Shares outstanding for Diluted Earnings Per Share. (Nos) - (E1)	139,125,159	139,125,159
Diluted Earnings Per Share before extra-ordinary item - (A2/E1)	22.77	21.42
Profit after extraordinary items attributable to equity shareholders (Amount ₹) (A)	3,167.44	3,043.67
Weighted Averaged Equity Shares outstanding during the year (Nos) - (B)	139,125,159	137,839,092
Basic Earnings Per Share after extra-ordinary item - (A/B)	22.77	22.08
Diluted Earnings after extraordinary items attributable to equity shareholders (Amount ₹) (A3)	3,167.44	3,043.67
Foreign Currency Convertible Bond issued (C)	-	1,381,619
Promoter Share Warrants(D)	-	3,276,922
Weighted Averaged Equity Shares outstanding for Diluted Earnings Per Share. (Nos) - (E)	139,125,159	139,125,159
Diluted Earnings Per Share after extra-ordinary item - (A3/E)	22.77	21.88

32. Related Party Disclosures

A. List of Related Parties where control exists and other related parties with whom the Company had transactions and their relationships:

In case of other related parties, there are no transactions with the Company.

SL.No	Name of Related Parties	Nature of Relationship
1	Family Healthplan (TPA) Limited	Associates
2	Indraprastha Medical Corporation Limited	
3	Stemcyte India Therapautics Private Limited	
4	Dr.Prathap C Reddy	Key Management Personnel
5	Smt. Preetha Reddy	
6	Smt. Suneeta Reddy	
7	Smt. Sangita Reddy	
8	Smt. Shobana Kamineni	
9	Aircel Cellular Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
10	Aircel Limited	
11	Apollo Educational Infrastructure Services Limited	
12	Apollo Energy Company Limited	
13	Apollo Clinical Excellence Solutions Limited	
14	Apollo Medskills Limited	
15	Apollo Health Resources Limited	
16	Apollo Mumbai Hospital Limited	
17	Apollo Reach Hospitals Enterprise Limited	
18	Apollo Sindoori Hotels Limited	
19	Dishnet Wireless Limited	
20	Healthnet Global Limited	
21	Indian Hospitals Corporation Limited	
22	Kurnool Hospital Enterprises Limited	
23	Lifetime Wellness Rx International Limited	
24	PCR Investments Limited	
25	Vasumati Spinning Mills Limited	
26	Medversity Online Limited	
27	AMG Healthcate Destination Private Limited	
28	Apollo Infrastructure Projects Finance Co (P) Limited	
29	Apollo Tele Health Services Private Limited	
30	Deccan Digital Networks Private Limited	
31	Elixir Communities Private Limited	
32	Faber Sindoori Management Services (P) Ltd	
33	Garuda Energy Private Limited	
34	Health Superhiway Private Limited	
35	Kalpatharu Infrastructure Development Co (P) Limited	
36	Kei Energy Private Limited	
37	Kei Rajamahendri Resorts Private Limited	
38	Kei Vita Private Limited	
39	Keimed Private Limited	
40	Kei-Rsos Petroleum And Energy Pvt Limited	
41	Kei-Rsos Shipping Private Limited	

SL.No	Name of Related Parties	Nature of Relationship
42	Matrix Agro Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
43	Peninsular Tankers Private Limited	
44	Trac Eco And Safari Park Pvt Limited	
45	PPN Holdings (Alfa) Private Limited	
46	PPN Holdings Private Limited	
47	PPN Power Generation (Unit-1) (P) Limited	
48	PPN Power Generating Company (P) Limited	
49	Preetha Investments Private Limited	
50	Sindya Builders Private Limited	
51	Sindya Infrastructure Development Co (P) Limited	
52	Sirkazhi Port Private Limited	
53	Tharani Energy India Private Limited	
54	Trac India Private Limited	
55	British American Hospitals Enterprise Limited	
56	Universal Quality Services LLC	
57	Sindya Resources Private Ltd, Singapore	
58	APEX Agencies	
59	APEX Agencies (HYD)	
60	Associated Electricatl Agencies	
61	Spectra Clinical Laboratory	
62	P. Obul Reddy & Sons	
63	Sindya Power Generating Company Private Limited	
64	Sindya Holdings Private Limited	
65	Kalpathura Enterprises Private Limited	
66	Apex Builders	
67	Apex Construction	
68	Indian Hospitex Private Limited	
69	Kumaranathu and Company	
70	Vaishnavi Consturctions	
71	Indo Wind Power Private Ltd	
72	Nippo Batteries Company Ltd	
73	Panasonic Home Appliances India Co Ltd	
74	Kamineni Builders Private Limited	
75	Kamineni Builders	
76	Avantha Power & Infrastructure Limited	
77	Bharti Infratel Limited	
78	Dalmia Cement (Bharat) Limited	
79	Magma Fincorp Limited	
80	Mahindra & Mahindra Limited	
81	Mahindra Worldcity Developers Limited	
82	Maschmeijer Aromatics (India) Limited	
83	PHL Capital Pvt Ltd	

SL.No	Name of Related Parties	Nature of Relationship
84	PHL Finance Pvt Ltd	Enterprises over which Key Management Personnel are able to exercise significant influence
85	Piramal Enterprises Limited	
86	Prime Finvest And Leasing Limited	
87	Precision Containeurs Limited	
88	Sicom Investments & Finance Limited	
89	Tata Motors Limited	
90	Vas Infrastrcuture Limited (CN)	
91	Wipro Limited	
92	Yashraj Containeurs Limited	
93	Apollo Health Street Limited	
94	Aircel Smart Money Limited	
95	Apollo Healthcare Technology Solutions Limited	
96	Apollo Dialysis Private Limited	
97	Apollo Home Healthcare Limited	
98	Apollo Telemedicine Networking Foundation	
99	Strides Arcolab Limited	
100	Garuda Thermal Power Private Limited	
101	Helios Holdings Private Limited	
102	LNG Bharat Private Limited	
103	Trinitron Healthcare Private Limited	Significant Control (Alliance Medicorp (India) Limted)
104	HDFC Ergo General Insurance Company Limited	Associates of Apollo Munich Health Insurance Company Limited
105	Aragonda Apollo Medical & Educational Research Foundation	
106	Indo German Chamber of Commerce	
107	Apollo Reach Hospital Enterprise Limited	
108	Emed Life Insurance Broking Services Limited	
109	Munchener Ruckversicherung Gesellschaft	
110	Sahayadri City Management	Fellow Subsidiaries of Apollo Lavasa Health Corporation Limited
111	My City Technology Limited	
112	Full Spectrum Adventure Limited	
113	Lavasa Corporation Limited	
114	Reasonable Housing Limited	
115	Hindustan Construction Company	Ultimate Parent Compnay of Apollo Lavasa Health Corporation Limited
116	Quintiles Mauritius Holding Inc	Parent Company of Quintiles Phase One Clinical Trials India Private Limited
117	Quintiles Transnational, USA	Ultimate Parent Company of Quintiles Phase One Clinical Trials India Private Limited

SL.No	Name of Related Parties	Nature of Relationship
118	Green Channel Travel Services (Div of IRM Limited)	Significant Influence (Apollo Hospital International Limited)
119	Cadila Pharmaceuticals Limited	Significant Control (Apollo Hospital International Limited)
120	Mr.Antony Jacob	Key Management Personnel of Apollo Munich Health Insurance Company Limited
121	Onlie Hospital Equipment Services Private Limited	Associates of Apollo Health and Lifestyle Limited
122	Quintiles, Pacific,Inc.,USA	Subsidiaries of Quintiles Phase One Clinical Trials India Private Limited
123	Quintiles,Limited.,UK	
124	Quintiles,East Asia Private Limited, Singapore	

S.No	Name of Related Parties	Nature of Transaction	31.03.2014 ₹ in million	31.03.2013 ₹ in million
1	Family Health Plan Limited	a) Investment in Equity	4.90	4.90
		b) Receivables as at year end	-	17.52
		c) Transactions during the year	56.80	21.42
		d) Payables as at year end	2.93	-
2	Indraprastha Medical Corporation Limited	a) Investment in Equity	393.72	393.72
		b) Receivables as at year end	313.58	392.41
		c) Dividend Received	32.31	32.46
		d) Transactions during the year	1,669.31	1,529.25
		e) Claim Payments	70.60	-
3	Stemcyte India Therapautics Private Limited	a) Investment in Equity	80.00	80.00
		b) Reimbursement of Expenses	5.47	-
4	Dr. Prathap C Reddy	Remuneration paid	150.50	156.30
5	Smt. Preetha Reddy	Remuneration paid	51.11	52.50
6	Smt. Suneeta Reddy	Remuneration paid	51.84	52.50
7	Smt. Shobana Kamineni	Remuneration paid	51.11	52.50
8	Smt. Sangita Reddy	Remuneration paid	51.03	52.50
9	Apollo Sindoori Hotels Limited	a) Payables as at year end	12.77	13.92
		b) Transaction during the year	220.15	2.37
10	Health Super Hiway Private Limited	a) Investment in Equity	2.01	2.01
		b) Investment in Preference Shares	22.00	22.00
		c) Receivables as at year end	-	4.56
		d) Transaction During the Year	12.96	-
		e) Payables as at year end	9.13	-
11	Faber Sindoori Management Services Private Limited	a) Payables as at year end	31.31	28.74
		b) Transactions during the year	296.40	244.12
		c) Housekeeping services availed	46.42	17.67
12	Lifetime Wellness Rx International Limited	a) Payables as at year end	1.49	1.09
		b) Transactions during the year	6.53	15.61

S.No	Name of Related Parties	Nature of Transaction	31.03.2014 ₹ in million	31.03.2013 ₹ in million
13	P. Obul Reddy & Sons	a) Transactions during the year	37.04	29.89
		b) Receivables as at year end	1.26	0.75
14	Keimed Limited	a) Payables as at year end	-	16.57
		b) Transactions during the year	3,698.56	3,199.16
15	Medvarsity Online Limited	a) Rent received	-	0.94
		b) Receivables as at year end	0.24	2.98
		c) Transactions during the year	0.15	0.03
16	Apollo Health Resources Limited	Receivables as at year end	-	9.88
17	Apollo Mumbai Hospital Limited	a) Receivables as at year end	7.30	6.87
		b) Transactions during the period	16.24	18.76
18	Aircell Cellular Limited	a) Payables as at year end	-	0.31
		b) Transactions during the year	-	4.12
19	Dishnet Wireless Limited	a) Payables as at year end	-	0.49
		b) Transactions during the year	3.72	2.16
20	Kurnool Hospitals Enterprise Limited	a) Investment in Equity	1.73	1.73
21	AMG Health Care Destination Private Limited	a) Investment in Equity	12.33	12.33
22	British American Hospitals Enterprise Limited	a) Investment in Equity	135.88	135.88
23	Health Net Global Private Limited	a) Advance Given	1.00	1.00
24	Cadila Pharmaceuticals Limited	a) Payables as at year end	3.42	-
		b) Transactions during the period	10.85	6.61
25	Green Channel Travel Services (Div of IRM Limited)	a) Transactions during the year	7.98	-
		b) Payable as at year end	1.07	-
26	IRM Enterprises Pvt Ltd	a) Transactions during the year	0.06	-
		b) payable as at year end	0.06	-
27	Quintiles Transnational, USA	a) Payables as at year end	27.64	18.60
		b) Transactions during the year	7.00	13.03
28	Lavasa Corporation Limited	a) Operating Income	3.60	0.91
		b) Inter Corporate Deposit Received	8.56	57.89
		c) Inter Corporate Deposit Paid	40.00	6.82
		d) Interest paid on inter corporate deposit	18.51	17.41
		e) Project and other services received	0.32	-
		f) Inter Corporate Deposit outstanding	97.24	128.67
		g) Equity Share Capital	8.00	-

S.No	Name of Related Parties	Nature of Transaction	31.03.2014 ₹ in million	31.03.2013 ₹ in million
29	Full Spectrum Adventure Limited	a) Project and Other services Received	0.31	-
30	Sahayadri City Management	a) Project and Other services Received	1.91	-
31	Mr.Antony Jacob	a) Premium Income	0.04	0.04
		b) Expenses towards services rendered	24.08	18.09
32	Munchener Ruckversicherung Gesellschaft	a) Losses recovered from reinsurers	0.14	-
		b) Receivables as at year end	0.01	-
33	Emed Life Insurance Broking Services Limited	a) Payables as at year end	0.07	0.08
		b) Expenses for services rendered	12.98	7.50
34	HDFC Ergo General Insurance Company Limited	a) Claim Payments	253.29	-
		b) Premium Income	754.43	-
		c) TPA Fees	37.57	-
		d) Management Expenses	279.90	-
		e) Receivables as at year end	34.06	-
35	Online Hospital Equipment Services Private Limited	a) Loans and Advance	0.52	0.52
36	Reasonable Housing Limited	a) Loans & Advances	0.29	-
		b) Project and Other services Received	0.69	-
		c) Current Liabilities	0.69	-

33. Leases

In respect of Non- cancellable Operating Leases

Lease payments recognized in the Statement of Profit and Loss is ₹1286.84 million (₹ 1,119 million)

(₹ in million)

Particulars	31.03.2014	31.03.2013
Not later than one year	1,055.88	728.99
Later than one year and not later than five years	3,217.77	1,862.50
Later than five years	6,632.49	4,510.32

Lease agreements are renewable for further period or periods on terms and conditions mutually agreed between the lessor and AHEL.

Variations/Escalation clauses in lease rentals are made as per mutually agreed terms and conditions by the lessor and AHEL

Apollo Gleneagles Hospitals Limited

The Company has certain cancellable operating lease arrangements for residential accommodation and use of certain medical equipments with tenure extending upto one year. Term of certain lease arrangements include option for renewal on specified terms and conditions, and payment of security deposit etc. Expenditure incurred on account of Operating lease rentals during the year and recognized in the Statement of Profit and Loss amounts to ₹ 26.81 million (₹ 19.36 million)

34. Impairment

Apollo Hospitals Enterprise Limited

During the year 2002-03, on a review of fixed assets, certain selected medical equipments were identified and impaired. For the current year, on a review as required by Accounting Standard 28 ‘ Impairment of Assets’, the management is of the opinion that no impairment loss or reversal of impairment loss is required, as conditions of impairment do not exist.

35. In the process of acquiring Apollo Gleneagles Hospitals Limited (AGHL) in Kolkata, Apollo Hospitals Enterprise Limited had initially invested ₹ 30 million [₹ 5 million towards equity and ₹ 25 million to discharge other liabilities of AGHL, erstwhile Duncan Gleneagles Hospital Limited (DGHL)] to acquire 50.26% holding in DGHL (subsequently reduced to 49%, now increased to 50%). AGHL assigned an unsecured debt of ₹ 163.70 million existing in its books to Apollo Hospitals Enterprise Limited, out of which ₹ 150 million was received till FY 2012-13 and taken to income, leaving a balance unsecured debt of ₹ 13.70 million. As a measure of prudence the balance amount was not recognized as an advance or investment in the books of Apollo Hospitals Enterprise Limited and will be accounted for as and when the amount(s) are received. During the year 2013-14, the balance amount of ₹ 13.70 million has been received and the same has been duly accounted for in the books of accounts.

36. General Information

a. Apollo Hospitals Enterprise Limited

On review of the operations of setting up the Hospital in Noida, the Company has re-assigned the lease agreement between itself and the lessor to its associate, Indraprastha Medical Corporation Limited by extinguishing its rights and privileges in the original lease deed dated 27th October 2001.

Unrealised amounts on project development and pre-operative project expenses incurred at Bilaspur Hospital amounting to ₹ 56.62 million are included in advances and deposits account. The above expenses incurred on project will be amortised over the balance lease period of 6 years. The balance yet to be amortised as on 31.03.2014 is ₹ 18.88 million (₹ 22.03 million).

b. A.B. Medical Centres Limited

As the Company’s main business is running of a hospital the provisions regarding disclosure of information on Licensed Capacity, Installed Capacity, Production and Sales particulars do not applicable.

c. Apollo Munich Health Insurance Company Limited

i. Encumbrances

The company has all the assets within India. All the assets of the company are free from any encumbrances except deposits in banks amounting to Rs 3.98 million (₹ 3.78 million). The deposits have been placed with banks for the purposes of executing bank guarantees in favour of hospitals towards cash-less arrangements.

ii. Commitments made and outstanding for:

(₹ in million)

Particulars	31.03.2014	31.03.2013
Loans	Nil	Nil
Investments	Nil	Nil
Fixed Assets	30.03	32.08

iii. Claims, less reinsurance paid to claimants:

(₹ in million)

Class of Business	In India		Outside India	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Miscellaneous	3,406.47	2,596.45	11.40	1.63

iv. Age-wise breakup of claims outstanding

(₹ in million)

Class of Business	Outstanding for more than six months		Outstanding for six months or less	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Miscellaneous	31.32	14.93	338.61	229.41

v. Claims settled and remaining unpaid for a period of more than six months:

(₹ in million)

Particulars	31.03.2013	31.03.2012
Miscellaneous	Nil	Nil

vi. Premium less reinsurance written during the year:

(₹ in million)

Class of Business	Outstanding for more than six months		Outstanding for six months or less	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Miscellaneous	6,506.25	5,261.76		Nil
No premium income recognised on “varying risk pattern” basis.				

vii. Extent of risk retained and reinsured:

Class of Business	Risk Retained		Risk Retained	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Miscellaneous	94%	85%	6%	15%

viii. Value of Contracts in relation to Investments:

(₹ in million)

Particulars	31.03.2014	31.03.2013
Purchase where deliveries are pending	Nil	Nil
Sales where payments are overdue	Nil	Nil

ix. All the investments held by the Company are performing assets.

x. The Company does not have any investment property as at March 31st, 2014.

xi. The investments as at year-end have not been allocated to Policy Holders & Shareholders accounts since the same are not earmarked separately.

xii. The historical cost of investments in mutual funds which have been valued on fair value basis is ₹ 546.77 million (₹ 215.22 million).

xiii. Investments made pursuant to section 7 of Insurance Act, 1938, are as follows:

(₹ in million)

Particulars	31.03.2014	31.03.2013
6.25% GOI CDSS 02-01-2018	76.74	75.87
6.01% GOI CDSS 25-03-2028	5.52	5.45
6.17% GOI CDSS 12-06-2023	15.02	14.86
7.95% GOI CDSS 28-08-2032	19.52	19.50
8.20% GOI CDSS 15-02-2022	2.00	2.01
8.33% GOI CDSS 07-06-2036	1.00	1.00
	119.80	**118.68**

These investments are in the constituent subsidiary general ledger account with Axis Bank Limited.

xiv. Expenses relating to outsourcing, business development and marketing support are given below:

(₹ in million)

Operating expenses	31.03.2014	31.03.2013
Outsourcing Expenses	527.58	480.77
Marketing Support	66.86	98.42
Business Promotion	302.47	220.07

xv. Sector Wise Business

Disclosure of sector-wise business based on gross direct written premium (GWP) is as under:

Business Sector	31.03.2014			31.03.2013		
	GWP (Rs. in Million)	No. of Lives	%of GWP	GWP (Rs. in Million)	No. of Lives	%of GWP
Rural	385.60	244,923	5.57	536.04	696,423	8.65
Social	75.21	155,748	1.09	355.91	1,116,553	5.74
Urban	6463.90	2,803,387	93.34	5307.92	383,249	85.61

xvi. Disclosure of Fire and Marine Revenue accounts:

As the company operates in single insurance business class viz. Miscellaneous Insurance Business, the reporting requirements as prescribed by IRDA with respect to presentation of Fire and Marine Insurance revenue accounts are not applicable.

There are no dues outstanding for more than 45 days during the year which are payable to Micro, Small and Medium Enterprises. This information pursuant to the provisions of Micro, Small and Medium Enterprises Development Act, 2006 is determined to the extent such parties have been identified on the basis of information available with the Company.

xvii. Summary of Financial Statements is provided as under:

(₹ in million)

S. No.	Particulars	31.03.2014	31.03.2013
	Operating Results:		
1	Gross Premium Written	6,925.81	6,200.45
2	Net Earned Premium Income	5,434.04	4,421.30
3	Income from Investments (net)	272.50	229.00
4	Other Income	-	-
5	Total Income	5,706.54	4,650.30
6	Commission (Net of Reinsurance)	638.72	422.91
7	Brokerage	145.08	95.81
8	Operating Expenses	2,082.86	1,891.72
9	Claims Incurred	3,564.36	2,619.75
10	Operating Profit/Loss	(579.50)	(284.09)
11	Total Income under Shareholders Account	210.13	185.60
12	Profit /(Loss) before tax	(369.37)	(98.49)
13	Provision for Tax	(0.30)	149.49*
14	Profit/(Loss) after tax	(369.67)	51.00
15	Miscellaneous:		
	Policy holders' Account:	Not applicable being Non – Life Insurance Co.	
	Total Fund		
	Total Investments		
	Yield on investments		
16	Shareholders' Account:	Not applicable being Non – Life Insurance Co.	
	Total Fund		
	Total Investments		
	Yield on investments		
17	Paid Up Equity Capital	3,309.80	3,089.80
18	Net Worth	2,264.16	2,303.83
19	Total Assets	8,169.78	6,692.88
20	Yield on total investments	9.29%	9.13%

21	Earnings Per Share (₹)	(1.14)	0.18
22	Book value per Share (₹)	6.84	7.46
23	Total Dividend	Nil	Nil
24	Dividend Per share	Nil	Nil

xviii. Accounting Ratios are provided as under:

Performance Ratios	31.03.2014 (in %/ times)	31.03.2013 (in %/ times)
Gross Premium Growth Rate (Gross premium for the current year divided by the gross premium for the previous year)	12.00	30.00
Gross Direct Premium to Net Worth Ratio (Gross premium for the current year divided by paid up capital plus free reserves)	3.06	2.69
Growth Rate of Networth (Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date)	(2.00)	60.00
Net Retention Ratio (Net premium divided by gross premium including RI acceptance)	94.00	85.00
Net Commission Ratio (Commission net of reinsurance for a class of business divided by net premium)	9.82	8.04
Expenses of Management to Gross Direct Premium (Expenses of management plus commission paid divided by the total gross direct premium)	41.00	39.00
Expenses of Management to Net Written Premium Ratio (Expenses of management plus Direct commission paid divided by the NWP)	43.00	46.00
Net Incurred Claims to Net Earned Premium	66.00	59.00
Combined Ratio (Net Incurred claims divided by NEP plus Expense of management (including Net Commission) divided by NWP)	107.00	103.00
Technical Reserves to Net Premium Ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.87	0.80
Underwriting Balance Ratios (Underwriting profit divided by net premium for the respective class of business)	(0.16)	(0.12)
Operating Profit Ratio (Underwriting profit plus investment income divided by net premium)	(11.00)	(6.00)
Liquid Assets to Liability Ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.58	0.52
Net Earnings Ratio (Profit after tax divided by net premium)	(6.00%)	1.00%
Return on Net Worth (Profit after tax divided by net worth)	(16.00%)	(4.00%)
Available Solvency Margin to Required Solvency Margin Ratio	1.84	1.77
NPA Ratio	-	-

Indraprastha Medical Corporation Limited

a. Under the terms of the agreement between the Government of NCT of Delhi and the company, the Hospital project of the company has been put up on the land belonging to Government of NCT of Delhi. The Government of NCT of Delhi is committed to meet the expenditure to the extent of ₹ 154.78 million out of IMCL Building fund account (funds earmarked for the period) together with the interest thereon for construction of definite and designated buildings while the balance amount of the cost of the building will be borne by the Company. As at 31st March, 2013, the aforesaid fund, together with interest thereon amounting to ₹ 192.36 million have been utilized towards progress payments to contractors, advances to contractors, payments for materials, etc. The ownership of the building between Government of NCT of Delhi and the company will be decided at a future date keeping in view the lease agreement.

b. On a Public Interest Litigation (PIL) regarding free treatment in the hospital the Hon'ble Delhi High Court vide its order dated 22nd September, 2009 has held that free treatment provided by the hospital as per the terms of lease deed with Government of National Capital Territory of Delhi shall be inclusive of medicines and consumables. In response to the said order the company filed a Special Leave Petition in the Hon'ble Supreme Court for appropriate directions with a prayer to stay the judgement of the Hon'ble Delhi high court. The Hon'ble Supreme Court of India has admitted the Special Leave Petition and passed an interim order on 30.11.2009. In pursuance of the interim order, the Hospital is charging for medicines & medical consumables from patients referred by the Govt. of Delhi for free treatment in the Hospital.

37. Consolidated Segment Reporting

(₹ in million)

	Particulars	31.03.2014	31.03.2013
1.	**Segment Revenue**		
	(Net sales / Income from each Segment)		
	a) Hospitals	30,226.08	25,617.14
	b) Retail Pharmacy	13,648.44	11,016.95
	b) Others	214.65	1,387.01
	Sub - Total	**44,089.17**	**38,021.10**
	Less : Intersegment Revenue	32.31	32.31
	Net sales / Income from operations	44,056.86	37,988.79
2.	**Segment Results**		
	(Profit / (Loss) before Tax and interest from each segment)		
	a) Hospitals	5,054.12	4,987.49
	b) Retail Pharmacy	306.02	168.62
	b) Others	264.74	241.12
	Sub - Total	**5,624.85**	**5,397.23**
	Less :		
	(i) Interest (Net)	1,193.77	1,032.50
	(ii)Other un-allocable expenditure net of unallocable income	364.00	373.95
	Profit Before Tax and Extraordinary item	4,067.08	3,990.78
	Less: Extra Ordinary Item	-	-
	Profit Before Tax	4,067.08	3,990.78
	Less :		
	(i) Current tax	22.31	306.83
	(ii) Tax for earlier years (net)	-	-
	(iii) Deferred tax liability	995.74	743.54
	Add:		
	Deferred Tax Asset	0.43	-
	Profit After Tax before Minority Interest	3,049.46	2,940.41
	Less : Mionority Interest	**(13.65)**	**(16.58)**
	Add : Share of Associates' Profits	104.34	87.00
	Net Profit Relating to the Group	3,167.45	3,043.50
3.	**Segment assets**		
	a) Hospitals	42,468.88	30,814.71
	b) Retail Pharmacy	3,842.00	3,465.00
	c) Others	4,845.10	11,476.12
	Total	**51,155.98**	**45,755.83**
	Unallocated Corporate Assets	841.20	930.36
	Goodwill on consolidation	1,499.44	1,453.00
	Deferred Tax Asset	228.17	252.00
	Total Assets as per Balance Sheet	53,724.79	48,391.19

4.	**Segment liabilities**		
	a) Hospitals	18,000.38	16,814.86
	b) Retail Pharmacy	508.00	318.00
	c) Others	1,576.23	947.01
	Total	**20,084.61**	**18,079.87**
	Unallocated Corporate Liabilities	166.46	123.89
	Shareholders Funds	29,766.78	27,467.72
	Minority Interest	187.83	173.45
	Deferred Tax Liability	3,519.11	2,545.70
	Total Liabilities as per Balance Sheet	**53,724.79**	**48,390.63**
5.	**Segment capital employed**		
	a) Hospitals	36,430.44	26,067.18
	b) Retail Pharmacy	3,334.00	3,147.00
	c) Others	3,791.17	10,559.16
	Total	**43,555.61**	**39,773.34**
6.	**Segment capital expenditure incurred**		
	a) Hospitals	5,060.75	3,994.23
	b) Retail Pharmacy	234.00	210.00
	c) Others	155.91	666.00
	Total	5,450.66	4,870.23
7.	**Segment Depreciation**		
	a) Hospitals	**1,480.62**	**1,253.95**
	b) Retail Pharmacy	106.00	93.00
	c) Others	91.29	76.47
	Total	1,677.91	1,423.42

38. Change in Authorised Share Capital

Western Hospital Corporation Private Limited

The Shareholders of the Company have passed a resolution at the Extraordinary General Meeting held on 17 December, 2008, for increasing the Authorized Share Capital of the Company from 50,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 500 million to 100,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 1000 million. However, the Company has not filed the required forms for increasing the Authorized Share Capital with the Registrar of Companies (ROC) as at 31 March, 2014 along with the amended Memorandum of Association for giving effect to the aforesaid change, for approval/confirmation from the ROC. Hence, the Authorized Share Capital of the Company as at 31 March, 2014 continues to be stated as ₹ 500 million.

39. Figures of the current year and previous year have been shown in million.

40. Figures in brackets relate to the figures for the previous year.

41. Previous year figures have been regrouped and reclassified wherever necessary to confirm with current years classification.

42. Where disclosures have not been made by subsidiaries, associates or joint ventures in their independent notes, the figures relate to those of the Parent Company alone.

As per our Report annexed — For and on behalf of the Board of Directors

For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S

Krishnan Akhileswaran
Chief Financial Officer

Dr. Prathap C Reddy
Executive Chairman

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Place : Chennai
Date : 28th May 2014

consolidated cash flow statement

for the year ended 31st March 2014

(₹ in million)

	Particulars	31.03.2014		31.03.2013	
A	**Cash Flow from operating activities**				
	Net profit before tax and extraordinary items		**4,067.12**		**3,990.78**
	Adjustment for:				
	Depreciation	1,670.84		1,419.86	
	Profit on sale of Investment	(136.77)		(96.09)	
	Loss on sale of asset	35.95		43.02	
	interest paid	1,193.77		1,032.50	
	Misc.Exp.written off	7.06		3.56	
	Foreign Exchange gain / loss	(11.21)		0.90	
	Extraordinary items			(62.95)	
	Interest received	(58.50)		(193.43)	
	Dividend received	(8.01)		(57.15)	
	Provision for wealth tax	2.23		1.92	
	Bad debts written off	204.42	2,899.78	173.72	2,265.86
	Operating profit before working capital changes		**6,966.90**		**6,256.64**
	Adjustment for:				
	Trade or other receivables	(693.38)		(1,120.41)	
	Inventories	(599.39)		(240.48)	
	Trade payables	519.01		850.19	
	Others	(1,366.69)	(2,140.45)	(390.10)	(900.80)
	Cash generated from operations		4,826.45		5,355.84
	Foreign Exchange gain / loss		11.21		(0.90)
	Taxes paid		(1,103.77)		(927.42)
	Cash flow before extraordinary items		3,733.89		4,427.52
	Net cash from operating activities		**3,733.89**		**4,427.52**
B	**Cash flow from Investing activities**				
	Purchase of fixed assets		(6,118.91)		(6,602.11)
	Sale of fixed assets		160.48		2.03
	Purchase of investments		(356.67)		(3,793.25)
	Sale of investments		2,658.84		2,722.11
	Interest received		58.83		193.43
	Dividend received		39.14		89.65
	Cash flow before extraordinary item				-
	Extraordinary Item		-		62.95
	Net cash used in Investing activities		**(3,558.28)**		**(7,325.19)**
C	**Cash flow from financing activities**				
	Proceeds from issue of Share Capital		37.71		73.76
	Proceeds from issue of share premium		34.74		1,555.81
	Proceeds from advance against share capital		-		1.83
	Proceeds from long term borrowings		2,145.70		5,666.78
	Proceeds from short term borrowings		176.09		267.95
	Repayment of finance/lease liabilities		(1,060.03)		(2,247.20)
	Interest paid*		(1,203.80)		(1,032.50)
	Dividend paid		(765.19)		(556.50)

(₹ in million)

Net cash (used in)/from financing activities	**(634.77)**	**3,729.93**
Net increase in cash and cash equivalents	**(459.17)**	**832.26**
(A+B+C)		
Cash and cash equivalents	3,200.64	2,368.38
(opening balance)		
Cash and cash equivalents	2,741.47	3,200.64
(Closing balance)		
Component of Cash and cash equivqlents		
Cash on Hand	181.32	132.98
Balance with Banks		
1) Available with the company for day to day operations	2,535.03	3,045.39
2) Amount available in unclaimed dividend and unclaimed deposit	25.12	22.27
TOTAL	**2,741.47**	**3,200.64**

*Includes ₹ 69.78 million (₹ 35.18 million) towards cost of covering the currency fluctuations and LIBOR risk for ECB availed by the company.

As per our Report annexed
For **M/s. S. Viswanathan**
Chartered Accountants
Firm Registration No. 004770S

V C Krishnan
Partner
(Membership No. 022167)
17, Bishop Wallers Avenue West
Mylapore, Chennai - 600 004
Place : Chennai
Date : 28th May 2014

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
Sr. General Manager - Finance
& Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Companies

Name of the Subsidiary Company	Unique Home Health care Limited	AB Medical Centres Limited	Samudra Health care Enterprises Limited	Apollo Hospital (UK) Ltd	Apollo Health and Lifestyle Limited	Imperial Hospitals & Research Centre Ltd	Apollo Nellore Hospital Limited (formerly Pinakini Hospitals Limited)	Alliance Medicorp (India) Limited	Western Hospitals Corporation Pvt Limited	Saipen BioSciences Pvt Limited	Apollo Bangalore Cradle Limited (Formerly known as Apollo Koramangala Cradle Limited	Apollo Clinics (Gujarat) Limited	Apollo Cosemtic Surgical Centres Pvt Limited	Alliance Dental Care Limited
Financial Year of the subsidiary ended on	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14
Date from which it become subsidiary	5-Sep-98	19-Jul-01	29-Nov-05	8-Aug-05	12-Dec-02	18-Jan-06	18-Jun-08	31-Mar-11	15-Dec-11	10-Aug-12	8-Dec-11	11-Jun-12	1-Oct-13	31-Mar-11
Shares of subsidiary company held on the above date and extent of holding														
i) Equity Shares	29,823,012	16,800	12,500,000	5,000	25,303,060	25,681,000	1,109,842	6,783,000	18,000,000	10,000	1,805,546	49,940	2,844,262	670,650
ii) Extent of Holding (%)	100.00	100.00	100.00	100.00	100.00	85.76	79.44	51.00	100.00	70.00	81.37	99.88	69.40	51.00
Net aggregate amount of profits/(losses) of the subsidiary for the above financial year so far as they concern members of Apollo Hospitals Enterprise Limited														
i) Dealt with	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ii) Not Dealt with (₹ in million)	2.02	4.44	3.36	£(0.006) INR (0.54)	(326.96)	51.67	4.84	(27.13)	7.92	(6.35)	(33.69)	(0.10)	(0.50)	(18.59)
Net aggregate amount of profits/(losses) of the subsidiary for previous financial years as far as it concerns members of Apollo Hospitals Enterprise Limited														
i) Dealt With	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
ii) Not Dealt With (₹ in million)	17.88	4.11	5.88	£(0.007) INR (0.58)	(167.03)	2.30	5.60	(31.84)	7.81	-	(34.00)	(0.42)	0.93	(24.33)

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
Sr. General Manager - Finance & Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Joint Managing Director

Place : Chennai
Date : 28th May 2014

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Companies

(₹ in million)

Name of the Subsidiary Company	Country of Incorporation	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Invest-ments	Turnover/ Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
Unique Home Healthcare Limited	India	INR	298.23	36.59	340.72	340.72	310.92	25.56	2.85	0.83	2.02	-
AB Medical Centres Limited	India	INR	16.80	26.99	44.84	44.84	-	6.41	5.89	1.45	4.44	-
Samudra Healthcare Enterprises Limited	India	INR	125.00	111.88	376.65	376.65	-	279.56	4.92	1.56	3.36	-
Apollo Hospital (UK) Limited	UK	INR	0.49	(4.61)	(4.11)	(4.11)	-	0.0005	(0.54)	-	(0.54)	
		GBP	0.005	(0.046)	(0.041)	(0.041)	-	0.00001	(0.006)	-	(0.006)	-
Apollo Health and Lifestyle Limited	India	INR	253.03	(29.26)	1,421.54	1,421.54	2.01	1,149.33	(305.04)	(21.92)	(326.96)	-
Imperial Hospital and Research Centre Limited	India	INR	299.45	135.03	2,485.97	2,485.97	-	1,469.35	74.95	23.28	51.67	-
Apollo Nellore Hospital Limited (formerly Pinakini Hospitals Limited)	India	INR	13.97	(6.72)	19.32	19.32	-	7.42	6.51	1.67	4.84	-
Alliance Medicorp (India) Limited	India	INR	133.00	(55.20)	430.62	430.62	-	309.72	(22.29)	4.84	(27.13)	-
Western Hosptials Corporation Pvt Limited	India	INR	180.00	(25.60)	154.68	154.68	42.59	11.61	10.97	3.05	7.92	-
Saipen Bio Sciences Pvt Limited	India	INR	101.43	(6.35)	4.53	4.53	-	0.67	(6.30)	0.05	(6.35)	
Apollo Bangalore Cradle Limited (ABCL) (Formerly Apollo Koramangla Cradle Limited) [1]	India	INR	22.19	126.30	280.92	280.92	-	150.77	(38.09)	4.40	(33.69)	-
Apollo Clinics (Gujarat) Limited [1]	India	INR	0.50	(0.52)	-	-	-	-	(0.10)	-	(0.10)	-
Apollo Cosmetic Surgical Centres Pvt Limited [1]	India	INR	40.98	(9.03)	34.63	34.63	-	21.73	(0.13)	(0.37)	(0.50)	-
Alliance Dental Care Limited [2]	India	INR	28.20	92.15	343.68	343.68	-	272.77	(13.76)	4.83	(18.59)	-

1. Subsidiary of Apollo Health and Lifestyle Limited, 2. Subsidiary of Alliance Medicorp (India) Limited

Note : In respect of Apollo Hospitals (UK) Limited, the assets and liabilities are translated at closing rate of the reported period and Income and Expenses are translated at the average rate of the above reported period.

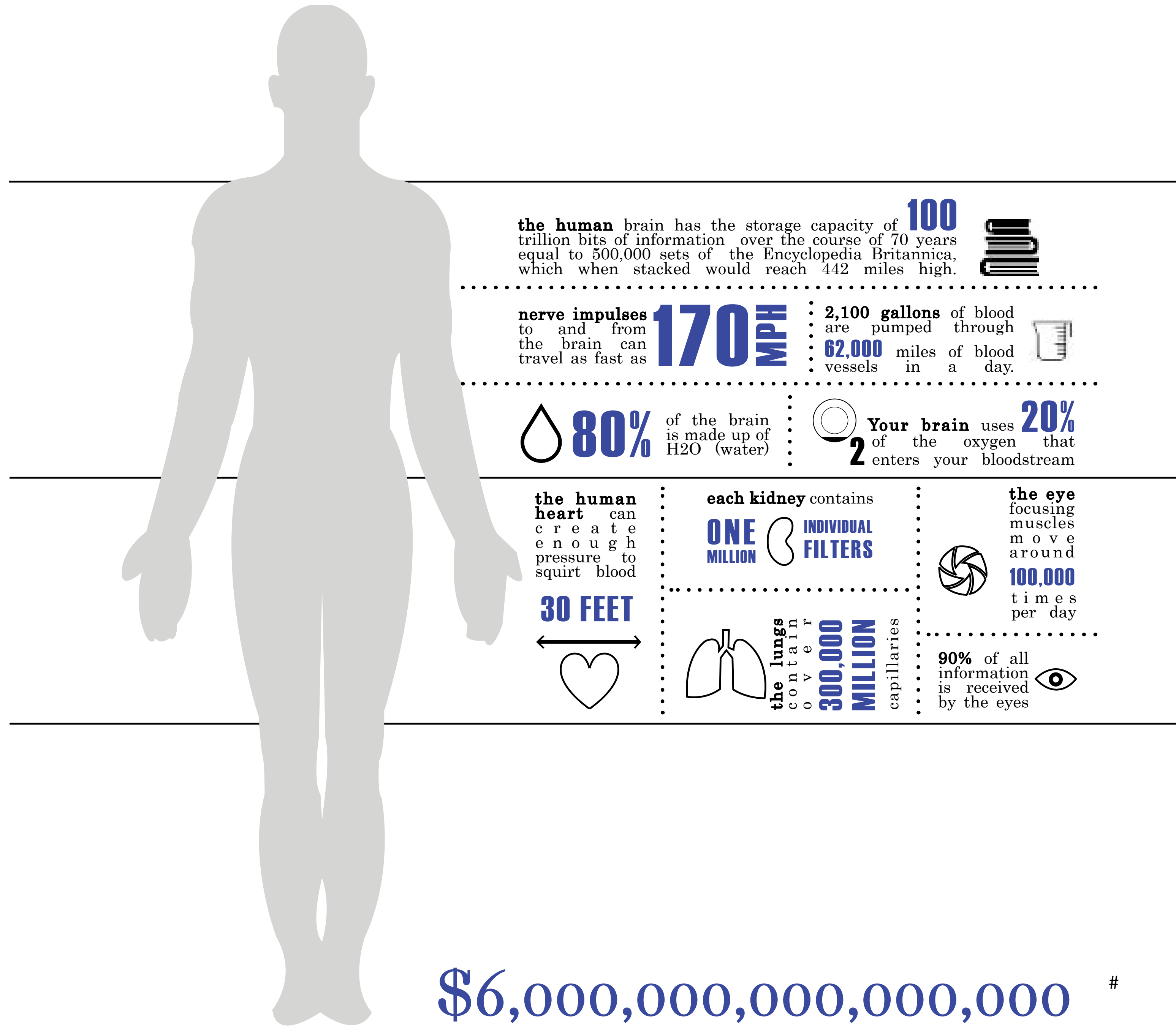
NOTES

NOTES

For the kind attention of Shareholders

a. Shareholders / Proxy holders attending the meeting should bring the attendance slip to the meeting and hand over the same at the entrance duly signed.

b. Shareholders / Proxy holders attending the meeting are requested to bring the copy of the Annual Report for the reference at the meeting.



$6,000,000,000,000,000

Priceless

As reported in The New York Times, 11th February, 1976, "The High Cost of Being Human"—Harold J Morowitz

Committed to preserving that which is Priceless. Apollo Hospitals.

Apollo Hospitals Enterprise Limited
[CIN : L85110TN1979PLC008035]
Regd. Office: No.19, Bishop Garden, Raja Annamalai Puram, Chennai – 600 028
Secretarial Dept: Ali Towers III Floor, No.55, Greams Road, Chennai – 600 006
E-mail: apolloshares@vsnl.net : Website: www.apollohospitals.com
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