Apollo HOSPITALS
TOUCHING LIVES

VISION 20.6

a blueprint for smarter healthcare

Annual Report 2010-2011

Apollo HOSPITALS
TOUCHING LIVES

20.6

“OUR 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”

Vision 20.6

A vision to look beyond the ordinary. To conquer the unknown. The vision to forge a new way.

A NEW WAVE OF HEALTHCARE

The difference between good and great is, at most times, a matter of perspective. It is the subtle variations in vision and focus that translates to the wide gulf between the two adjectives. Being great at what you do comes from determination, an inherent conviction and the discipline to see it through.

It all starts with a vision. A vision that empowers one to look ahead, to see things as they are. At Apollo we believe in Vision 20.6 - the rare ideal that defines perfection. It is rarely achievable. While most set their standards at the fairly common 20.20 mark, we understand that just isn't good enough.

20.6 vision is when you can see at 20 feet what others can discern only at 6 feet. It is the realm in which fascinating creatures like the eagle and the hawk operate. The mythical Jatayu, in the Ramayana, was said to possess spectacularly gifted sight. One can imagine it was 20.6 vision.

Our vision has been our talisman. Our ability to translate vision to reality has been our strength. We have done this by building in incredible focus in our way of working. Our culture of crystallizing vision into focus, execution and delivery has given life force to our revolutionary mission. In 27 years it has seen us become one of the leading integrated healthcare service providers in India

20.6 vision demands we look ahead. And make no mistake, healthcare is changing. The signs are already evident. Changing lifestyles, global dynamics and rapidly evolving technology have combined to provide impetus to this new wave of healthcare. It is a brand of healthcare that we are ready to embrace, ready to take on.

Hon'ble President of India, Smt. Pratibha Patil conferred Dr. Prathap C Reddy with the Padma Vibhushan, India's second highest civilian award in recognition of his immense contribution to healthcare.

Chairman's Message

About three decades ago, Apollo Hospitals was only a fledgling of an idea. Born of a necessity to offer better healthcare to Indians, it has since become one of the leading healthcare service providers in India. The Apollo Hospitals Group has consistently envisioned patients needs and introduced game changing innovations.

In the year gone by, we have broken new grounds - from providing Eastern India's first dedicated Bone Marrow Transplant unit, to providing a unique mobile healthcare solution in collaboration with Aircel (m-health) to bringing South Asia's first of it's kind full-field mammography system to India. Apollo remains true to its mission of bringing healthcare of international standards within the reach of every individual.

As we forge ahead, healthcare will become even more inclusive. The inauguration of the first Dialysis centre in collaboration with the Central Government Health Scheme (CGHS) and our participation in state sponsored healthcare insurance schemes is a testament of Apollo's collaborative spirit.

This year, we have launched a new strategic initiative around our Centres of Excellence to build on our core philosophy of high quality of care in key areas of Cardiac Sciences, Neuro Sciences, Orthopaedics, Oncology, Emergency & Transplants. The objective is to deepen and strengthen our leadership position and reputation in these critical areas by increasing our focus on clinical outcomes and patient care, simultaneously encouraging the development of sub-specializations. These also form a critical part of our Vision 20.6 blueprint which is the rare ideal that defines perfection.

In the years to come, Apollo will continue to define benchmarks in clinical care and service excellence. We always serve the patients with Tender Loving Care, state of the art technology, systems and the best talent India has to offer - medical or managerial. Our constant focus on clinical excellence and in attracting and retaining clinicians has become the corner- stone of our success.

We have received numerous accolades, which testify to our achievements and reinforces our commitment to excellence in patient care. Our group hospitals have received several awards and quality certifications which bear testimony to our superior standard of patient commitment.

Further, your company launched one of India's most visible campaigns against Heart Disease the 'Billion Hearts Beating Campaign' which focused on raising heart health awareness and encouraged citizens to take a pledge for a healthy heart.

Apollo Hospitals group has been able to successfully meet the challenges of creating medical infrastructure, shortage of clinicians and lack of penetration of health insurance; through its innovative and robust business model by continuing to expand across the country through a mix of tertiary and secondary hospitals. The expansion plans are in consonance with this thought process, based on our years of experience and prudent capital allocation process.

The Apollo Hospitals brand has come to symbolize hope and relief to patients, not only in India but across the globe as witnessed by the international patients being treated. The day is not far off when India will become the preferred Healthcare destination of the world and we at Apollo will strive to be at the forefront of the change.

Finally, I wish to thank the Board of Directors, doctors, employees, bankers & financial institutions and the Central and State Governments for extending their support in the initiatives undertaken by your company.

With warm personal regards to you and your families,

Dr. Prathap C Reddy
Executive Chairman

EXCELLENCE. EXPERTISE. EMPATHY.

three words that define our culture. one mission that anchors our vision.

At the heart of the Apollo story is the Group's unique prowess in clinical excellence, revolutionary expertise and the warm culture of Tender Loving Care. This defines the philosophy that makes Apollo Hospitals a trusted healthcare provider. It is this philosophy that has propelled our mission to touch lives, to heal and to continuously improve healthcare delivery in India. Apollo Hospitals is driven by a single thrust, to provide the best standards of patient care. It is this passion that has led to the development of our centers of excellence across medical disciplines.

Apollo's path breaking developments in clinical excellence, research and nurturing expertise stems from a simple goal to make the patient experience safer and better, and make our brand of healthcare more effective and efficient.

OUR VISION 20.6 IS FORTIFIED BY OUR CULTURE OF EXCELLENCE

Excellence at Apollo Hospitals is a continuous journey. Diverse as we may be in our locations, the zeal to excel is the common thread that binds all hospitals in the group. We continuously strive towards improving the structures and processes at Apollo Hospitals to achieve the best outcomes for our patients. This drive to excel in the fast changing world of medicine leads us from one quality improvement initiative to another. We at Apollo Hospitals focus on Clinical, Academic and Research Excellence. Skilled doctors and minutely detailed protocols have ensured its place among the world's best, in terms of outcomes and clinical excellence.

Today, Apollo Hospitals has seven JCI (Joint Commission International) accredited hospitals within the Group; Chennai, Hyderabad, Delhi, Kolkata, Bangalore, Ludhiana and Dhaka. The Joint Commission International (JCI) is a U.S based accreditation body dedicated to improving healthcare quality and safety around the world.

Another endorsement of our superiority in high class healthcare delivery is the fact that every year thousands of patients from the world over come to our hospitals for treatment.

- The Apollo Hospitals Group performed more than 775 solid organ transplants for the year 2010, making it one of the world's busiest Liver Transplant Centres.
- The Apollo Hospitals Group completed its 1,000th tissue transfer surgery in April, 2011
- ACE@25 (Apollo Clinical Excellence) is a clinical balanced scorecard that we have institutionalized within our hospitals to constantly measure and improve our performance across numerous parameters. ACE@25 incorporates 25 clinical quality parameters involving complication rates, mortality rates, one year survival rates and average length of stay after major procedures covering all major specialties. Also included are hospital acquired infection rates, patient satisfaction and medication errors. Benchmarks have been chosen from the world's best hospitals.
- The First-of-its-kind in South Asia - Full Field Digital Mammography with Tomosynthesis (3D) system was introduced at Apollo Specialty Hospital, Chennai.

HEART INSTITUTES

CANCER INSTITUTES

INSTITUTE OF NEUROSCIENCES

INSTITUTE OF ORTHOPAEDICS

INSTITUTE OF TRANSPLANTS

EMERGENCY 24x7

VISION 20.6 IS NURTURED BY A DEEP WEALTH OF EXPERTISE

Apollo has been at the forefront of the march to nurture medical expertise and heighten efficiencies. Our focus has always been to provide the highest standard of medical treatment, enabled by attracting the best doctors, nurturing the best support staff and investing in tomorrow's technology, today.

Each hospital of the Apollo Group has developed Clinical Practice Guidelines (CPGs) and Clinical Pathways (CPs) for treating various diagnoses in consultation with consultants in the respective specialty. Adherence to CPGs and CPs by our physicians is monitored on a continuous basis through closed file audits by the quality teams. Acute Myocardial Infarction, Fulminant Hepatic Failure, Seizure management, LSCS, Hysterectomy, Renal Transplants are a few diagnoses where CPGs are followed. CABG, GI Bleed, TURP, Lap Chole are examples of clinical pathways followed by Group hospitals. CPGs and CPs are reviewed on a periodic basis for incorporating newer developments.

A day at Apollo Hospitals

- Over 700 Admissions
- Over 6,000 Outpatient Volumes
- 200 Critical Care Cases
- 120 Key Cardiac Procedures
- 50 Neuro Surgeries
- 400 Dialysis
- Over 40,000 laboratory tests

An eagle can have visual acuity of upto 20.2

VISION 20.6 COMES ALIVE WITH THE WARMTH OF EMPATHY. THE HEALING TOUCH OF OUR TENDER LOVING CARE (TLC) PHILOSOPHY

Tender loving care (TLC) is a silent revolution that sweeps the corridors of every Apollo Hospital, every single day. Its objective is simple and clear - ensure the best patient experience possible. It consists of a deck of best practices that encompasses the universe of patient touch points. It is a wide range of systems that have been perfected to ensure that every process at Apollo is patient-centric. This is at the heart of the Apollo Way.

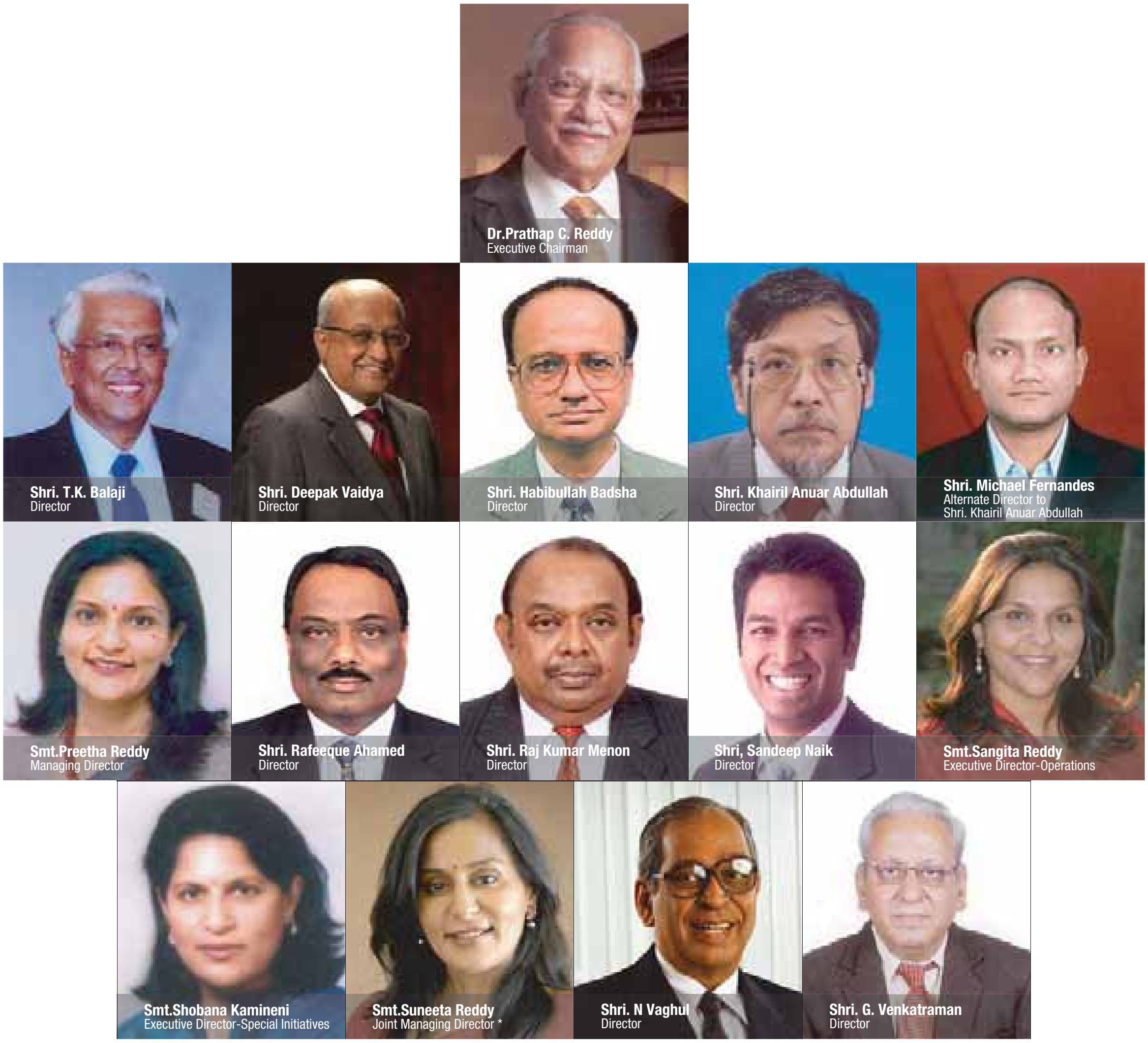
The TLC philosophy comes alive with the commitment of the members of the Apollo family. The doctors, nurses and other members come together and weave the magic that transforms Apollo into a place which is warm, helpful and friendly for every patient who comes in.

- In the annual ranking of Best Hospitals in the country by ‘The Week’ Magazine, Apollo Hospitals, Chennai was ranked as the 2nd best hospital in the country while Indraprastha Apollo Hospitals, Delhi was ranked as the 5th best hospital in the country.

- Apollo Hospitals won the – “India’s Most Preferred Hospital” – Viewer’s choice award. The India Healthcare awards 2010 were based on a three phased research methodology commissioned by CNBC-TV18 and conducted by IMRB International – market research. Apollo Hospitals, Chennai also won the second runner up for India’s Best Multi Specialty hospitals.

An eagle has vision that enables it to spot things upto one and a half miles away

BOARD OF DIRECTORS



Dr.Prathap C. Reddy
Executive Chairman

Shri. T.K. Balaji
Director

Shri. Deepak Vaidya
Director

Shri. Habibullah Badsha
Director

Shri. Khairil Anuar Abdullah
Director

Shri. Michael Fernandes
Alternate Director to
Shri. Khairil Anuar Abdullah

Smt.Preetha Reddy
Managing Director

Shri. Rafeeque Ahamed
Director

Shri. Raj Kumar Menon
Director

Shri. Sandeep Naik
Director

Smt.Sangita Reddy
Executive Director-Operations

Smt.Shobana Kamineni
Executive Director-Special Initiatives

Smt.Suneeta Reddy
Joint Managing Director *

Shri. N Vaghul
Director

Shri. G. Venkatraman
Director

* Executive Director - Finance upto 31st May 2011. Redesignated as Joint Managing Director w.e.f 1st June 2011.

CORPORATE INFORMATION

Shri. K. Padmanabhan
Group President

Shri. S.K. Venkataraman
Chief Strategy Officer

Shri. Krishnan Akhileswaran
Chief Financial Officer

Shri. S.M. Krishnan
Company Secretary

Auditors

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

Bankers

Indian Overseas Bank
Andhra Bank
Canara Bank
Indian Bank
Bank of India
Citibank
IDBI Bank
HDFC Bank
ICICI Bank
State Bank of Travancore
Axis Bank
Oriental Bank of Commerce
Standard Chartered Bank

Registered Office

No. 19, Bishop Garden,
Raja Annamalaipuram
Chennai - 600 028

Administrative Office

Ali Towers, III Floor
No. 55 Greams Road
Chennai - 600 006
Email:apolloshares@vsnl.net
krishnan_sm@apollohospitals.com
www.apollohospitals.com

CONTENTS

Corporate Highlights 2010-2011

- 54 hospitals with a total bed capacity of over 8,700 beds as at March 31, 2011
- Bed capacity of over 700 beds was added in the last 15 months in Bhubaneswar, Hyderabad, Karaikudi, Lavasa & Secunderabad.
- 1,199 pharmacy stores as at March 31, 2011
- Consolidated Revenues crossed the landmark of Rs 25 billion for the year – Rs.26,054 million in FY11 (up 29% yoy)
- Revenues from standalone pharmacies crossed the landmark of Rs 5 billion for the year – Rs 6,583 million in FY11 (up 36% yoy).
- Apollo Health City, Hyderabad completed 400 cochlear implants which is the single largest number done by any hospital in the country.
- The first 'Living Donor Liver Transplant' in the state of Gujarat was conducted at the newly established facility at Apollo Hospitals, Ahmedabad
- Apollo Hospitals, Chennai commissioned the next generation 3D Electro-anatomical mapping system, which enables accurate location and treatment of electrophysiological disorders of the heart.
- First-of-its-kind in South Asia - Full Field Digital Mammography with Tomosynthesis (3D) system was launched at Apollo Speciality Hospital, Chennai.
- A new cancer treatment facility was launched at Indraprastha Apollo Hospitals, Delhi comprising the Novalis Tx and a Bone Marrow Transplant Unit.
- Apollo Hospitals and Aircel launched the 'Aircel Apollo Mobile Healthcare' for consumers in India which will address our healthcare plans to reach out to the masses anytime anywhere with the help of Tele Medicine and Tele Triage.
- CRISIL Equities upgraded Apollo Hospitals Enterprise Limited' (AHEL) CRISIL IER fundamental grade to 5/5 from 4/5. It is only the second company in India to receive this rating. The grade indicates that the company's fundamentals are 'excellent' relative to other listed equity securities in India.

CONSOLIDATED FINANCIAL PERFORMANCE

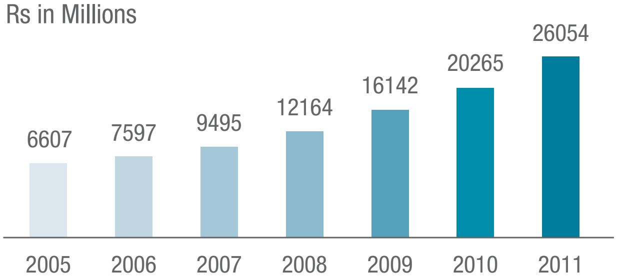
Rupees Million, except per share data	Fiscal 2011	Fiscal 2010	Growth
Revenue from operations	26,054	20,265	29%
Other Income	186	322	
Total Income	26,240	20,587	27%
Operating EBITDA (Earnings before Interest, Tax and Depreciation)	4,189	3,013	39%
Operating EBIT (Earnings before Interest and Tax)	3,241	2,256	44%
Profit before Tax	2,613	1,976	32%
Profit after Tax	1,839	1,376	34%
Earnings per share (EPS)-Basic *	14.84	11.15	
Earnings per share (EPS)-Diluted *	14.37	11.10	

* Based on existing face value of Rs 5 each per share

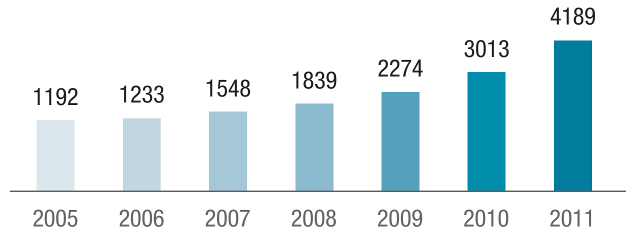
CONSOLIDATED FINANCIAL POSITION

Rupees Million	Fiscal 2011	Fiscal 2010
Goodwill	676	500
Fixed Assets	18,229	15,757
Investments	5,020	4,166
Net Current Assets	5,743	6,022
Deferred Tax Asset	256	240
Application of Funds	**29,924**	**26,685**
Shareholders Funds	18,989	16,535
Minority Interest	249	242
Loan Funds	9,585	9,132
Deferred Tax Liability	1,101	776
Sources of Funds	**29,924**	**26,685**

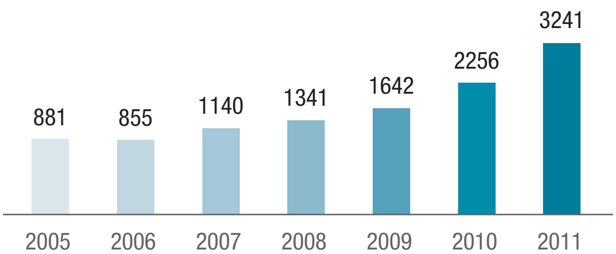
REVENUE
Rs in Millions



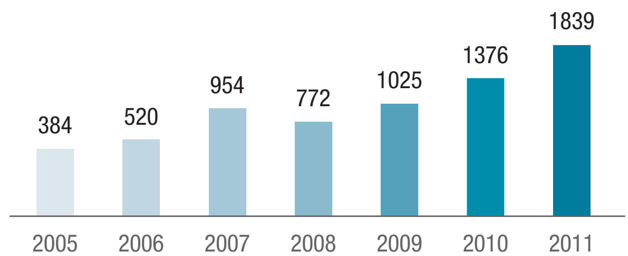
EBITDA
Rs in Millions



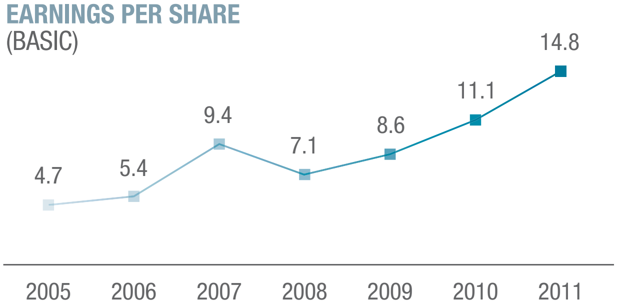
EBIT
Rs in Millions



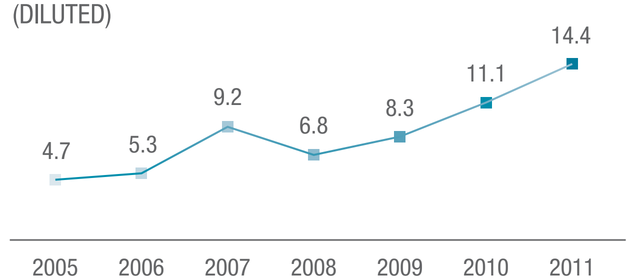
PAT
Rs in Millions



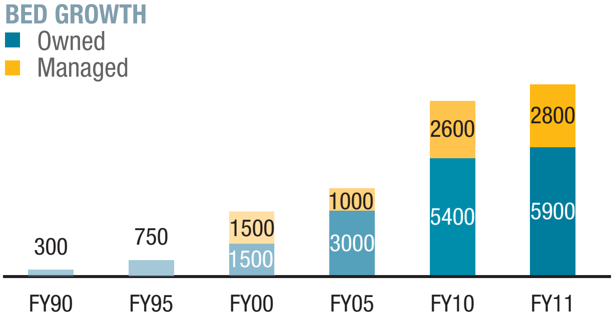
EARNINGS PER SHARE
(BASIC)



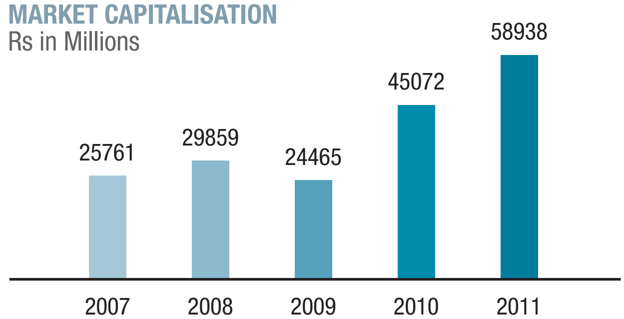
EARNINGS PER SHARE
(DILUTED)



BED GROWTH



MARKET CAPITALISATION
Rs in Millions



Medical Highlights
2010- 2011

- The Apollo Hospitals Group has performed more than 775 solid organ transplants for the year 2010 - 2011, making it one of the World's busiest Liver Transplant Centres.

- Apollo Hospitals Chennai achieved a milestone by completing 100 Cadaver Transplants .

- A team at the Apollo Hospitals, Chennai implanted biodegradable stents in two patients as a part of the last phase of the human trials. These stents are designed to dissolve in the body within two years. They are in the last phase of clinical trials and if proved viable could revolutionize current approaches to treatments in this area.

- The first successful Allogeneic Bone Marrow Transplant (BMT) was performed successfully by doctors at Apollo Hospitals. BMTs thus for have been Autologous in nature which means that the bone marrow or stem cells used for the transplant are one's own. However, in an Allogeneic transplant, the bone marrow is donated by another person.

- A team of surgeons at Indraprastha Apollo Hospitals, Delhi successfully carried out an Auditory Brain Implant (ABI) on a four year old girl from Iraq. Only three such surgeries have been performed in India but this is the first by a team of Indian surgeons.

- A team of highly skilled and experienced Indian cardiac surgeons at Apollo Hospitals, Chennai performed a heart transplant in an U.S. citizen. The American citizen had a previous bypass surgery, an angioplasty with coronary stents and a pacemaker and was told in the USA that he had a mortality of 80% in one year. He is now doing well.

- Deep Brain Stimulation relieves Cervical Dystonia in an Iraqi patient Mr. Ghassan Mohamad, at Apollo Hospitals Chennai.

- Apollo Hospitals, Chennai has introduced a Bariatric Surgery procedure done through a single incision that leaves no visible scar

- Revolutionary Ceramic Coated Knee Replacement was performed for the first time in South India at Apollo Speciality Hospital, Chennai.

- Eastern India's first dedicated comprehensive Bone Marrow Transplant Unit was launched in Apollo Gleneagles Hospitals, Kolkata. The BMT Unit had performed 5 Bone Marrow Transplants including 2 allogeneic and 3 autologous transplants till March 31, 2011.

Awards and Accolades 2010-2011

- In the annual ranking of Best Hospitals in the country by "The Week" Magazine, Apollo Hospitals, Chennai was ranked as the 2nd best hospital in the country while Indraprastha Apollo Hospitals, Delhi was ranked as the 5th best hospital in the country.

- Apollo Hospitals won the – "India's Most Preferred Hospital" – Viewer's choice award. The India Healthcare awards 2010 were based on a three phased research methodology commissioned by CNBC-TV18 and conducted by IMRB International. Apollo Hospitals, Chennai also won the second runner up for India's Best Multi Specialty hospitals.

- Apollo Health City - Hyderabad has become the first hospital in the country to be recognized as the "Best Medical Tourism Facility for 2009-2010" by the Ministry of Tourism - Government of India.

- Dr. Prathap C Reddy was awarded the prestigious Alexandria - Frost & Sullivan 2010 - Lifetime Achievement Award in Healthcare Sector and Apollo Pharmacy was presented with the Healthcare Retail Company of the Year Award.

- Apollo Hospitals Group Website has been honored with the Internet Advertising Competition Web Award 2011.

- 'GREAT PLACES TO WORK 2010' - Apollo Health City, Hyderabad was ranked as one of the top 100 companies to work for by the Economic Times & Great Place to Work Institute

- Apollo Hospitals' Billion Hearts Beating won the "Campaign of the Year" award at the World Brand Congress 2010 and also the 5th INDY's award for CSR Practice (Feb 2011)

- Apollo Munich Health Insurance Co Ltd (AMHI) was felicitated with the Celent Model Insurer Asia 2011 award in the Policy Administration System (PAS) category. The award recognizes excellence in technology best practices of insurers in Asia, in various categories.

- Apollo Speciality Hospitals – Madurai won the "Best Hospital Award" for the year 2010-11 from the South Indian Consumer Rights Protection Council

Corporate Social Responsibility

Billion Hearts Beating:

- As one of Asia's foremost integrated healthcare providers, Apollo Hospitals started the Billion Hearts Beating Campaign nationally. The idea behind this campaign is to create awareness among the people of this country on the risks associated with heart diseases and to motivate them to take the pledge to stay heart-healthy.

- Over the first week of February 2011, over 200,000 members of the Apollo Hospitals Group, including employees and their families took the pledge to stay heart-healthy. This was their expression of solidarity in purpose by supporting the cause dear to Dr. Prathap C Reddy, Founder–Chairman, Apollo Hospitals Group, their leader, on his birthday, February 5, 2011.

- Shri Suriya, leading cine actor in Tamil Cinema also endorsed the campaign by promoting the importance of heart health at Loyola College, Chennai as a part of this campaign.

Delhiites participating in the Dil Ki Daud organized by Indraprastha Apollo Hospitals, Delhi

Apollo Hospitals,Greams Road employees taking their pledge on the Founder's day 2011.

Apollo Speciality Hospitals,Teynampet employees forming a heart during the Founder's Day 2011 for the 'Billion Heart Beating' campaign.

Dil Ki Daud

- 'Apollo Dil ki Daud' a mini marathon was organized by Indraprastha Apollo Hospitals. Approximately 1000 people participated from nearby colonies, including doctors, nurses and support staff of Indraprastha Apollo Hospitals. The marathon was supported by Mr. Anuj Choudhary (CWG Silver medalist in Wrestling and Arjuna Awardee) Mr.Ashok Masti (Punjabi Singer), Mr.Rajeev Tomar (Olympian and Arjuna Awardee in wrestling) and Mr.Manish Chaudhury (President – Delhi University Students Union).

- Apollo launched its 'SAVE' India campaign. This is a comprehensive vascular screening programme to increase awareness about the ailments of stroke, aneurysm and vascular disease, evaluation to prevent disability or death due to stroke, aneurysm rupture or leg ulcers or gangrene.

- Apollo Hospitals, Ahmedabad adopted the Bhat Village in Gujarat (population approx 10,000) and organized Health Cleanliness Programs and health awareness drive, all of which were extremely well received.

- Apollo Hospitals, Bengaluru, conducted the Apollo Life Saver Community Training program with an objective to train one person in the family on Basic Life Support systems.


Apollo

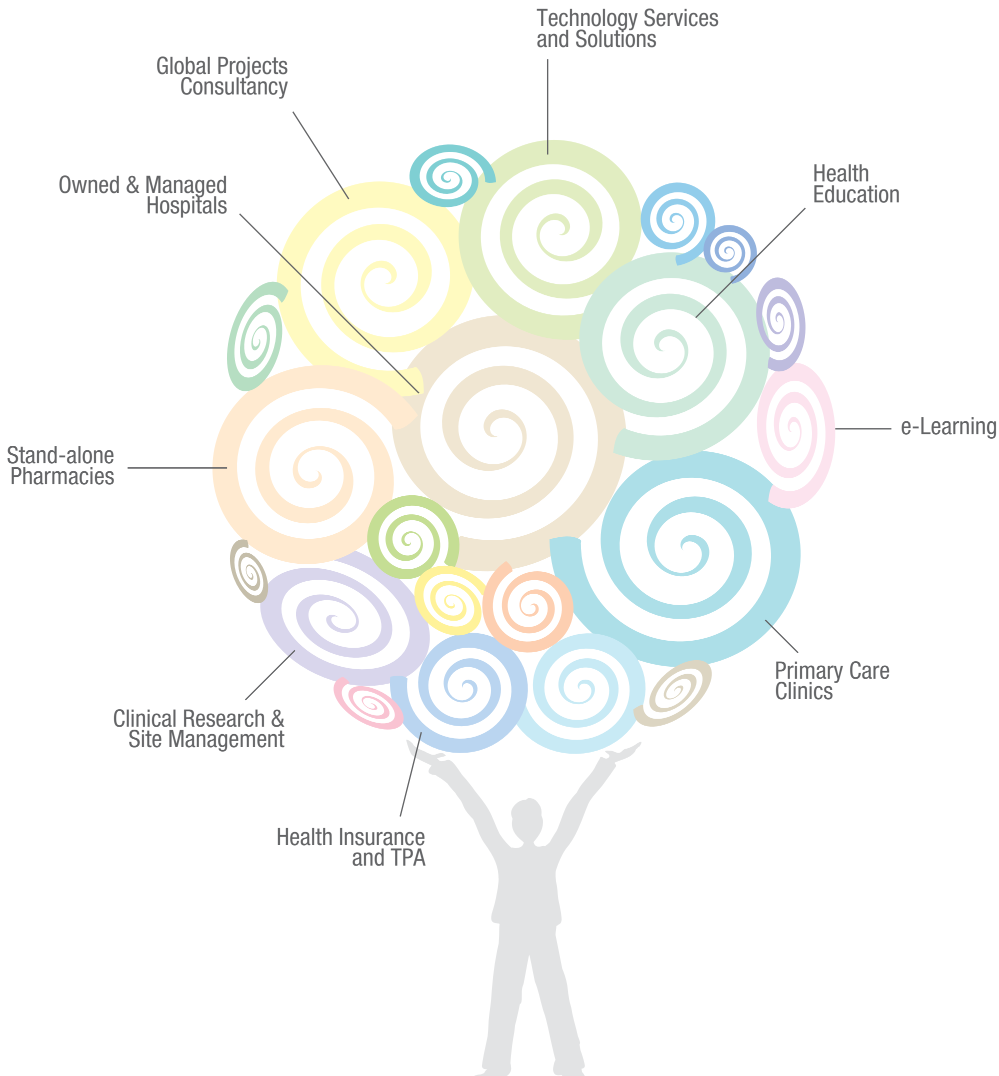
SACH - Save A Child's Heart

It is estimated that over 200,000 children are born with heart diseases every year and less than 5% of them get optimal care on time. Most of these children succumb to the disease without celebrating even their first birthday. SACH (Save a Child's Heart) is a community service initiative from the Apollo Hospitals with the aim of providing quality pediatric cardiac care and financial support to children from underprivileged sections of society suffering from heart diseases. Save A Child's Heart Foundation was established in the year 2003 with an aim of providing quality care and financial access to children belonging to lower socio-economic groups

Save A Child's Heart enjoys access to the most accomplished and distinguished cardiologists and cardiothoracic surgeons from Apollo Hospitals who tirelessly work on transforming the lives of afflicted children by performing complex surgeries on them. The expenditure for the surgeries is borne by the Apollo Hospitals along with support from philanthropic organizations and individuals.

The treatments include open and closed heart surgeries, inter- ventions, diagnostic procedures and follow up care for children suffering from heart diseases. The entire team of SACH including the specialists, nursing and paramedical staff volunteer their services. This team, made up of the most eminent paediatric cardiologists and cardiac surgeons from the Apollo group is one of the first and perhaps the only team in India that performs such rare and difficult paediatric cardiac surgeries.

Many complicated cases involving even premature babies and infants are referred here. Even complex surgery techniques like Permembranous VSD, Device Closure, uni-focalization in children with VSD, Pulmonary atresia - single stage correction, Arterial switch operation in children with TGA (Transposition of Great Arteries) and Valvoplasties in the newborn are performed.



COMPLETE COVERAGE, COMPLETE PROTECTION, COMPLETE HEALTHCARE. THE APOLLO CIRCLE OF LIFE. VISION 20.6 BELIEVES IN FIRST CLASS INFRASTRUCTURE AT EVERY TOUCHPOINT OF THE DELIVERY CHAIN

Healthcare in this new millennium places a high premium on collaboration, innovation, easy access, and is continuously reinforced by technology.

Apollo Hospitals has been doing just that for almost three decades and it is a glowing testimony to our foresight

The Apollo pillars of excellence, expertise and empathy, backed by cutting edge research will be the momentum we need to carry the baton forward. Our integrated healthcare model will ensure that we influence change at every touchpoint of healthcare delivery.

Notice to the Shareholders

Notice is hereby given that the **Thirtieth Annual General Meeting** of the Company will be held on Friday, the 22nd day of July 2011 at 10.15 a.m. at Kamaraj Arangam, No. 492 Anna Salai, Teynampet, Chennai- 600 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date, the Directors' and Auditors' Report thereon.

2. To declare a dividend on equity shares for the financial year ended 31st March 2011.

3. To appoint a Director in place of Smt. Suneeta Reddy, who retires by rotation and being eligible, offers herself for re-appointment.

4. To appoint a Director in place of Smt. Sangita Reddy, who retires by rotation and being eligible, offers herself for re-appointment.

5. To appoint a Director in place of Shri. Deepak Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.

6. To appoint a Director in place of Shri. Rafeeque Ahamed, who retires by rotation and being eligible, offers himself for re-appointment.

7. To appoint Auditors for the current year and fix their remuneration, M/s.S.Viswanathan, Chartered Accountants, Chennai retire and are eligible for re-appointment.

SPECIAL BUSINESS

Item No. 8

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION.**

"RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 the re-appointment of Smt.Preetha Reddy as Managing Director of the Company for a period of five (5) years from 3rd February 2011 to 2nd February 2016 be and is hereby approved."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule XIII to the Companies Act, 1956, consent of the members be and is hereby accorded to the payment of a sum equivalent to 2% of the net profits of the Company (determined in accordance with the provisions of the Companies Act, 1956), as remuneration for each financial year to Smt. Preetha Reddy, Managing Director of the Company during the tenure of her appointment."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Smt. Preetha Reddy be paid minimum remuneration as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 as in force in each financial year."

"RESOLVED FURTHER THAT the remuneration approved hereby be paid either monthly or quarterly or half yearly or otherwise as may be agreed to between the Managing Director and the Board of Directors of the Company."

"RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Managing Director in accordance with Schedule XIII to the Act including any amendments thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No. 9

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION.**

"RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, the re-appointment of Smt. Suneeta Reddy as a Whole-time Director designated as Executive Director – Finance of the Company for a period of five years with effect from 3rd February 2011 on payment of a sum equivalent to 1.25% of the net profits of the Company (determined in accordance with the provisions of Companies Act, 1956), as remuneration during the period, be and is hereby approved."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 269 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, Smt. Suneeta Reddy be re-designated as Joint Managing Director of the Company with effect from 1st June 2011 and continue to hold the office of Joint Managing Director till 2nd February 2016."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members be and is hereby accorded to the payment of a sum equivalent to 1.50% of the net profits of the Company (determined in accordance with the provisions of the Companies Act, 1956), as remuneration for each financial year with effect from 1st June 2011 to Smt. Suneeta Reddy, Joint Managing Director of the Company during the tenure of her appointment."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Smt. Suneeta Reddy be paid minimum remuneration as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 as in force in each financial year."

"RESOLVED FURTHER THAT the remuneration approved hereby be paid either monthly or quarterly or half yearly or otherwise as may be agreed to between Smt. Suneeta Reddy and the Board of Directors of the Company."

"RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Joint Managing Director in accordance with Schedule XIII to the Act including any amendments thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No. 10

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION.**

"RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 the re-appointment of Smt. Sangita Reddy as a Whole-time Director designated as Executive Director – Operations of the Company for a period of five (5) years from 3rd February 2011 to 2nd February 2016 be and is hereby approved."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 309, 310 and 311 and other applicable provisions if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule XIII to the Companies Act, 1956, consent of the members be and is hereby accorded to the payment of a sum equivalent to 0.50% of the net profits of the Company (determined in accordance with the provisions of the Companies Act, 1956),as remuneration for each financial year to Smt. Sangita Reddy, Executive Director – Operations of the Company during the tenure of her appointment."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Smt. Sangita Reddy be paid minimum remuneration as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 as in force in each financial year."

"RESOLVED FURTHER THAT subject to the provisions of Schedule XIII of the Companies Act, 1956 in the event of Smt. Sangita Reddy drawing remuneration as managerial person from two companies, the total remuneration drawn from both the companies shall not exceed the higher maximum limit admissible from any one of the companies of which she is a managerial person."

"RESOLVED FURTHER THAT the remuneration approved hereby be paid either monthly or quarterly or half yearly or otherwise as may be agreed to between Smt. Sangita Reddy and the Board of Directors of the Company."

"RESOLVED FURTHER THAT the terms and conditions of this appointment may be altered or varied from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Whole-time Director in accordance with Schedule XIII to the Act including any amendments thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board
For **APOLLO HOSPITALS ENTERPRISE LIMITED**

S.M. Krishnan
General Manager – Project Finance &
Company Secretary

Place : Chennai
Date : 24th May 2011

Notes:

1. **A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his / her behalf. A proxy need not be a member of the Company.** The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or other authority shall be deposited either at the Registered Office of the Company at No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028 or at the Secretarial Department, Ali Towers, III floor, No. 55 Greams Road, Chennai – 600 006 not less than 48 hours before the commencement of the meeting.

2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business as set out above is annexed hereto.

3. The Register of Members and Share Transfer Books will remain closed from **Saturday, 9th July 2011 to Friday, 22nd July 2011 (both days inclusive).**

4. Dividend upon its declaration at the meeting will be paid on or before 5th August 2011 to those members whose names appear:

   (i) As members on the Register of Members of the Company as on 22nd July 2011 after giving effect to all valid share transfers in physical form which would be received by the Company up to the closing hours of business on 8th July 2011.

   (ii) As beneficial owners as per the list to be furnished by NSDL/CDSL as at the closing hours of business on 8th July 2011.

5. Members desiring any information as regards the accounts are requested to write to the Company at least seven days before the meeting so as to enable the management to keep the information available.

6. The Company transferred all unclaimed dividend declared up to the financial year ended 31st March 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend from the Registrar of Companies, Tamil Nadu, Shastri Bhavan, Haddows Road, Chennai – 600 006.

7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended, the Company has transferred all unclaimed dividend for the financial years ended 31st March 1995 to 31st March 2003 to the Investor Education and Protection Fund (IEP Fund) established by Central Government pursuant to Section 205 C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the IEP Fund, no claim shall lie in respect thereof.

8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March 2004 and thereafter, which remains unclaimed for a period of 7 years from the date of transfer of the same to the unclaimed dividend account as referred to in sub-section (1) of section 205A of the Act, will be transferred to the Investor Education and Protection Fund (IEP Fund) of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2004 or subsequent financial years are requested to make their claim to the Secretarial Department, Ali Towers, III Floor, No.55 Greams Road, Chennai – 600 006. It may also be noted that once the unclaimed dividend is transferred to the IEP Fund as above, no claim shall lie in respect thereof.

Information in respect of such unclaimed dividend when due for transfer to the IEP Fund is given below:-

Financial Year Ended	Date of Declaration of Dividend	Last date for claiming unpaid Dividend
31/03/2004	14/09/2004	20/10/2011
31/03/2005	11/08/2005	16/09/2012
31/03/2006	07/08/2006	02/09/2013
31/03/2007 (Interim)	24/03/2007	30/04/2014
31/03/2007 (Final)	24/08/2007	30/09/2014
31/03/2008	28/08/2008	05/10/2015
31/03/2009	26/08/2009	03/10/2016
31/03/2010	26/07/2010	03/09/2017

9. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agents, Integrated Enterprises (I) Limited, Kences Towers, II Floor, No, 1 Ramakrishna Street, North Usman Road, T. Nagar, Chennai – 600 017.

(a) Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
(b) Changes, if any, in their address at an early date.
(c) Application for consolidation of folios, if shareholdings are under multiple folios.
(d) Despatch of share certificates for consolidation.
(e) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.

10. Members are requested to quote ledger folio numbers in all their correspondences.

11. Members holding shares in dematerialized form (electronic form) are requested to intimate any change in their address, bank mandate etc., directly to their respective Depository Participants.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN details to their Depositary Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrars and Share Transfer Agents, M/s. Integrated Enterprises (India) Limited.

13. Electronic Clearing Service (ECS) Facility:

With respect to payment of dividend, the Company provides the facility of ECS to shareholders residing at the following cities:

Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram.

Shareholders holding shares in physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to the Company's Registrar and Share Transfer Agent, Integrated Enterprises (I) Limited.

Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956

Item No.8

The term of office of Smt. Preetha Reddy as Managing Director was due for renewal on 2nd February 2011. Considering the valuable contribution made by Smt. Preetha Reddy during her tenure, the Board of Directors at its meeting held on 9th November 2010 re-appointed Smt. Preetha Reddy as Managing Director for a further period of 5 years with effect from 3rd February 2011 on the remuneration recommended by the Remuneration & Nomination Committee subject to approval of the members in the ensuing Annual General Meeting.

The Committee recommended the same remuneration as was previously approved by the shareholders at the Annual General Meeting held on 7th August 2006 i.e., remuneration equivalent to 2% of the net profits of the Company determined in accordance with the provisions of the Companies Act, 1956 for each financial year.

The Board recommends the resolution set out in Item No.8 of the notice for approval of the members.

Memorandum of Interest

Smt. Preetha Reddy may be deemed to be concerned or interested in the passing of this resolution. Further Dr. Prathap C Reddy, Smt. Suneeta Reddy, Smt.Shobana Kamineni and Smt. Sangita Reddy, who are relatives of Smt. Preetha Reddy may be deemed to be concerned or interested in the passing of this resolution.

This statement may also be considered as an abstract of the notice under Section 302 of the Companies Act, 1956 to the Shareholders.

Item No. 9

The term of office of Smt. Suneeta Reddy as Executive Director – Finance was due for renewal on 2nd February 2011. Considering the valuable contribution made by Smt. Suneeta Reddy during her tenure, the Board of Directors at its meeting held on 9th November 2010 re-appointed Smt. Suneeta Reddy as Whole-time Director designated as Executive Director – Finance for a period of five years with effect from 3rd February 2011 on the existing remuneration equivalent to 1.25% of the net profits of the company determined in accordance with the provisions of the Companies Act, 1956, based on the recommendation of the Remuneration & Nomination Committee and subject to the approval of the members in the ensuing Annual General Meeting.

Keeping in view the role and responsibilities of Smt.Suneeta Reddy in the Company, the Remuneration & Nomination Committee again at its meeting held on 24th May 2011 recommended to re-designate Smt.Suneeta Reddy as Joint Managing Director with effect from 1st June 2011 at a enhanced remuneration equivalent to 1.50% of the net profits of the Company.

The Board of Directors at its meeting held on 24th May 2011 approved the re-designation of Smt. Suneeta Reddy as Joint Managing Director of the Company for the period from 1st June 2011 to 2nd February 2016 at a remuneration equivalent to 1.50% of the net profits of the Company, as recommended by the Remuneration & Nomination Committee, subject to approval of the members in the ensuing Annual General Meeting.

The Board recommends the resolution set out in Item No.9 of the notice for approval of the members.

Memorandum of Interest

Smt. Suneeta Reddy may be deemed to be concerned or interested in passing of this resolution. Further Dr. Prathap C Reddy, Smt. Preetha Reddy, Smt. Shobana Kamineni and Smt. Sangita Reddy, who are relatives of Smt. Suneeta Reddy may deemed to be concerned or interested in the passing of this resolution.

This statement may also be considered as an abstract of the notice under Section 302 of the Companies Act, 1956 to the Shareholders.

Item No. 10

The term of office of Smt. Sangita Reddy as Executive Director – Operations was due for renewal on 2nd February 2011. Considering the valuable contribution made by Smt. Sangita Reddy during her tenure, the Board at its meeting held on 9th November 2010 approved the re-appointment of Sangita Reddy as Whole-time Director designated as Executive Director – Operations for a further period of 5 years with effect from 3rd February 2011 on the remuneration recommended by the Remuneration & Nomination Committee subject to approval of the members in the ensuing Annual General Meeting.

The Committee recommended the same remuneration as was previously approved by the shareholders at the Annual General Meeting held on 7th August 2006 i.e., remuneration equivalent to 0.50% of the net profits of the Company determined in accordance with the provisions of the Companies Act, 1956 for each financial year.

Ms. Sangita Reddy is also the Managing Director of Apollo Health Street Limited (AHSL). Pursuant to the provisions of Schedule XIII of the Companies Act, 1956 in the event of Smt. Sangita Reddy drawing remuneration as managerial person from two companies i.e, AHEL and AHSL , the total remuneration drawn from both the companies shall not exceed the higher maximum limit admissible from any one of the companies of which she is a managerial person.

Memorandum of Interest

Smt. Sangita Reddy may deemed to be concerned or interested in the passing of this resolution. Further Dr. Prathap C Reddy, Smt. Preetha Reddy, Smt. Suneeta Reddy and Smt. Shobana Kamineni, who are relatives of Smt. Sangita Reddy may deemed to be concerned or interested in the passing of this resolution

This statement may also be considered as an abstract of the notice under Section 302 of the Companies Act, 1956 to the Shareholders.

By order of the Board
For **APOLLO HOSPITALS ENTERPRISE LIMITED**

S.M. Krishnan
General Manager – Project Finance
and Company Secretary

Place : Chennai
Date : 24th May 2011

Details of Directors seeking appointment/re-appointment in the Annual General Meeting to be held on 22nd July 2011 Pursuant to Clause 49 of the Listing Agreement

Name of the Director	Smt. Preetha Reddy	Smt. Suneeta Reddy	Smt. Sangita Reddy	Shri. Deepak Vaidya	Shri. Rafeeque Ahamed
Date of Birth	28th October 1957	3rd April 1959	8th July 1962	9th January 1945	17th September 1947
Date of Appointment on the Board	3rd February 1989	1st May 2000	31st July 2000	31st July 2000	29th December 1979
Relationship with other Directors	Daughter of Dr.Prathap C Reddy, Chairman, Sister of Smt.Suneeta Reddy, Joint Managing Director, Smt. Shobana Kamineni, Executive Director - Special Initiatives and Smt. Sangita Reddy, Executive Director - Operations	Daughter of Dr.Prathap C Reddy, Chairman, Sister of Smt.Preetha Reddy, Managing Director, Smt. Shobana Kamineni, Executive Director - Special Initiatives and Smt. Sangita Reddy, Executive Director - Operations	Daughter of Dr.Prathap C Reddy, Chairman, Sister of Smt.Preetha Reddy, Managing Director, Smt. Suneeta Reddy, Joint Managing Director and Smt. Shobana Kamineni, Executive Director- Special Initiatives	None	None
Expertise in Specific Function area	Incharge of overall Management and Operations of the Company	Specialization in Finance	Hospital Management, IT, Operations Research, Insurance.	Business Management and Financial consultancy services	1). Leather Manufacturing and Exports. 2).Leather Footwear manufacturing and Exports 3). Footwear designing and Training.
Qualification	Bachelor of Science degree from Stella Maris College, Chennai	B.A in Public relations and Economics from Madras University with a university rank.	Bachelor of Science degree from Womens Christian College, Chennai	Fellow Member of Institute of Chartered Accountants (England & Wales)	Graduate from Madras University
	Post Graduate Degree in Public Administration from Madras University	Diploma in Financial Management	Graduate Courses in Operations Research - Rutgers University, New Jersey	Bachelor's degree in Commerce from Bombay University	
		Owner/President Management Program at Harvard Business School, Boston, USA	Diploma in Hospital Management conducted by Harvard University, USA		

	Smt. Preetha Reddy	Smt. Suneeta Reddy	Smt. Sangita Reddy	Shri. Deepak Vaidya	Shri. Rafeeque Ahamed
Board Membership of other companies as on March 31, 2011					
	Director **1)** Apollo Hospitals International Limited,	**Chair Person** 1) Aircel Limited	**Managing Director** 1) Apollo Health Street Limited	**Chairman** 1)Strides Arcolab Ltd.	**Chairman** 1) Delta Shoes Pvt Limited
	2) PCR Investments Limited	2) Dishnet Wireless Limited	**Director** **2)** PCR Investments Limited	**Director** 2) Apollo Health Street Ltd.	**Director** 2) Farida Holdings Pvt Limited
	3) Apollo Mumbai Hospital Limited	**Director** 3) PCR Investments Limited	3) Apollo Health and Lifestyle Limited	3) Orchid Chemicals & Pharmaceuticals Ltd.	3) Farida Shoes Pvt Limited
	4) Apollo Sindoori Hotels Limited	4) Apollo Sindoori Hotels Limited	4) Apollo Mumbai Hospital Limited	4) Apollo Gleneagles Hospital Ltd.	4) Kenmore Shoes Pvt Limited
	5) Apollo Gleneagles Hospital Limited	5) Apollo Gleneagles Hospitals Limited	5) Family Health Plan Limited	5) Suntec Business Solutions Pvt. Ltd.	5) India Shoes Exports Pvt Limited
	6) Pinakini Hospitals Limited	6) Apollo Munich Health Insurance Company Limited	6) Samudra Healthcare Enterprises Limited	6) PPN Power Generating Co. Pvt. Ltd.	6) Farida Classic Shoes Pvt Limited
	7) Imperial Hospital & Research Centre Limited	7) Indian Hospitals Corporation Limited	7) Imperial Hospital & Research Centre Limited	7) UTI Trustee Company Pvt. Ltd.	7) Farida Prime Tannery Pvt. Limited
	8) Samdura Healthcare Enterprises Limited	8) Imperial Hospitals & Research Centre Limited	8) Apollo Clinical Excellence Solutions Limited		8) Arcot Soles Pvt Limited
	9) Lifetime Wellness Rx International Limited	9) Indraprastha Medical Corporation Limited	9) Apollo Reach Hospitals Enterprise Limited		9)Jafra Insoles India Pvt Limited
	10) AB Medical Centers Limited	10) Apollo Infrastructure Project Finance Co Limited	10) Healthnet Global Limited		
	11) Indian Hospitals Corporation Limited	11) Vasumathi Spinning Mills Limited	11) Health Superhiway Private Limited		
	12) Apollo Reach Hospitals Enterprises Limited	12) Apollo Hospitals International Limited	12) Apollo Gleneagles PET-CT Private Limited		
	13) Apollo Clinical Excellence Solutions Limited	13) Kalpatharu Infrastructure Development Co Pvt. Ltd.	13) KAR Auto Private Limited		
	14) PPN Power Generating Company Pvt Limited	14) Western Hospitals Corporation Pvt. Limited			
	15) PPN Holdings Private Limited	15) Deccan Digital Networks Private Limited			

	Smt. Preetha Reddy	Smt. Suneeta Reddy	Smt. Sangita Reddy	Shri. Deepak Vaidya	Shri. Rafeeque Ahamed
	16) Preetha Investments Pvt Limited	16) Sindya Infrastructure Development Company Private Limited			
	17) PPN Power Generation (Unit II) Pvt Limited	17) Kalpatharu Enterprises Private Limited			
	18) PDR Investments Pvt Ltd	18) Sindya Power Generating Company Private Limited			
	19) TRAC India Private Ltd.	19) Sindya Builders Private Limited			
	20) Apollo Gleneagles PET-CT Private Limited	20) Tharani Energy India Private Limited			
	21) PPN Holdings (Alfa) Private Ltd.	21) Faber Sindoori Management Services Pvt Limited			
	22) Western Hospitals Corporation Pvt. Limited	22) Health Superhiway Private Limited			
	23) Stemcyte India Therapeutics Pvt Limited	23) Quintiles Phase One Clinical Trials India Pvt Limited			
		24) Sindya Holdings Private Limited			
		25) Garuda Energy Private Limited			
		26) Sirkazhi Port Private Limited			
Chairman/Member of the Committee of the Board of Directors of the Company as on March 31, 2011					
	Member **1)** Investors Greivance Committee	**Member** 1) Investors Greivance Committee		Audit Committee - Chairman	
	2) Investment Committee	2) Investment Committee		Remuneration & Nomination Committee - Member	
	3) Share Transfer Committee			Investment Committee - Member	

	Smt. Preetha Reddy	Smt. Suneeta Reddy	Smt. Sangita Reddy	Shri. Deepak Vaidya	Shri. Rafeeque Ahamed
Chairman/Member of the Committee of Directors of other Companies in which the person is a director as on March 31, 2011					
Audit Committee	-	**Chairperson** 1.Apollo Munich Health Insurance Co Limited **Member** 1. Apollo Gleneagles Hospital Limited 2. Indraprastha Medical Corporation Limited	-	**Chairman** 1. Apollo Gleneagles Hospital Ltd **Member** 2. Strides Arcolab Ltd 3. Orchid Chemicals & Pharmaceuticals Ltd 4. Suntec Business Solutions Pvt Ltd	-
Shareholders' Grievance Committee	-		**Member** 1. Apollo Health Street Limited	**Chairman** 1. Strides Arcolab Ltd	-
Remuneration Committee	-	**Member** 1. Apollo Munich Health Insurance Company Limited 2. Indraprastha Medical Corporation Limited	-	**Member** 1. Strides Arcolab Ltd	-
Shareholding in the Company (as on 31/03/2011)	3,366,540	3,001,590	4,972,508	nil	55,900

Directors' Report to the Shareholders

Your Directors are pleased to present the **THIRTIETH ANNUAL REPORT** and the audited statements of accounts for the year ended 31st March 2011.

Financial Results (Standalone)

(Rs.in million)

For the year ended	31st March 2011	31st March 2010
Total Income	**23533**	18587
Profit before Extraordinary Items and Taxation	**2693**	2222
Provision for Taxation	**876**	702
Net Profit before Extraordinary Item after Taxation	**1817**	1520
Net Profit after Extraordinary Item and Taxation	**1817**	1520
Balance of Profit brought forward	**1474**	1209
Profit Available for appropriations	**3291**	2729
Appropriations		
Dividend (inclusive of dividend tax)	**544**	504
Transfer to General Reserve	**1000**	750
Transfer to Debenture Redemption Reserve	**100**	-
Balance carried forward to Balance sheet	**1647**	1475

Results of Operations

During the year under review, the gross revenue of the Company increased to Rs.23533 million compared to Rs. 18587 million in the previous year, registering an impressive growth of 27%. The profit after tax for the year increased by 20% to Rs.1817 million compared to Rs. 1520 million in the previous year.

During the year under review, the consolidated gross revenue of the Company increased to Rs.26240 million compared to Rs. 20587 million in the previous year, registering an impressive growth of 27%. Net profit after minority interest for the group increased to Rs. 1839 million from Rs. 1376 million representing a growth of 34%.

Consolidated Financial Statements

In accordance with the general circular No. 5/12/2007-CL-III dated 8th February 2011 issued by the Ministry of Corporate Affairs, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Annual Report 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. In accordance with the Accounting Standard, AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by your Company include the financial information of all its subsidiaries.

Dividend

The Board of Directors recommend a dividend of Rs.3.75 per Equity Share (75% on face value of Rs. 5/- per share) (as against Rs.7/- per Equity share on face value of Rs.10/- each, 70% in the previous year) on the paid up equity share capital of the company for the financial year ended 31st March 2011, which if approved at the forthcoming Annual General Meeting on 22nd July 2011 will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 8th July 2011. 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 9th July 2011 to 22nd July 2011 (both days inclusive).

Transfer of Reserves

Your Company proposes to transfer Rs.1000 million to the general reserve out of the amount available for appropriations. An amount of Rs. 1647 million is proposed to be retained in the Profit & Loss Account.

Credit Rating

CRISIL has upgraded the rating on the company's debt instruments from AA- to AA.

CRISIL Equities upgraded Company's CRISIL IER fundamental grade to 5/5 from 4/5. It is only the second Company in India to receive this rating. The grade indicates that the company's fundamentals are 'excellent' relative to other listed equity securities in India.

Subsidiaries

Your Company has twelve subsidiary companies as on March 31, 2011. 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), Apollo Cosmetic Surgical Centre Pvt Limited (ACSPL), Pinakini Hospitals Limited (PHL), Imperial Hospital and Research Centre Limited (IHRCL), Alliance Medicorp (India) Limited (Alliance), ISIS Healthcare India Private Limited (ISIS), Mera Healthcare India Private Limited (MERA) and Alliance Dental Care Private 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 service in hospitals to critically ill patients. For the year ended 31st March 2011 UHHCL, recorded a revenue of Rs. 19.53 million and net profit of Rs. 2.18 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 2011, ABMCL recorded an income of Rs.6.55 million and a net profit of Rs.4.28 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 2011, SHEL recorded revenues of Rs. 263.31 million and a net profit of Rs. 17.16 million.

Apollo Hospital (UK) Limited (AHUKL)

AHUKL is a wholly owned foreign subsidiary of the Company and is yet to commence its operations.

Apollo Health and Lifestyle Limited (AHLL)

AHLL, a subsidiary of the Company is engaged in the business of providing primary healthcare facilities through a network of 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 2011, AHLL recorded a consolidated revenue of Rs. 154.43 million and a net profit of Rs. 3.71 million.

Pinakini Hospitals Limited (PHL)

As a part of its strategy to reach out to the tier II towns and cities, the Company intends to build a hospital in Nellore through a subsidiary company, Pinakini Hospitals Limited.

Apollo Cosmetic Surgical Centre Pvt Limited (ACSPL)

ACSPL, a 61% subsidiary of the company is engaged in the business of running cosmetic surgical centres. For the year ended 31st March 2011, ACSPL recorded a revenue of Rs. 14.65 million and a net loss of Rs. 4.03 million.

Imperial Hospital and Research Centre Limited (IHRCL)

IHRCL, a 51% subsidiary of the company owns a 240 bed multi speciality hospital at Bengaluru. For the year ended 31st March 2011, IHRCL recorded a revenue of Rs.875.25 million and a net loss of Rs. 29.30 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 2011, Alliance recorded consolidated revenue of Rs.102.32 million and a net profit of Rs. 1.43 million.

ISIS Health Care India Private Limited (ISIS)

ISIS, a subsidiary of Apollo Health and Lifestyle Limited is engaged in the business of providing healthcare services. For the year ended 31st March 2011, ISIS recorded a revenue of Rs. 18.67 million and a net loss of Rs.1.23 million.

Mera Health Care India Private Limited (MERA)

MERA, a subsidiary of Apollo Health and Lifestyle Limited is engaged in the business of healthcare Services. For the year ended 31st March 2011, MERA recorded a revenue of Rs. 12.20 million and a net profit of Rs. 1.24 million.

Alliance Dental Care Private Limited (Alliance Dental)

Alliance Dental, a 100% subsidiary of Alliance Medicorp (India) Limited is engaged in the business of running dental clinics. For the year ended 31st March 2011, Anjana recorded a revenue of Rs. 84.80 million and a net profit of Rs. 2.78 million.

Subdivision of Equity Shares

As a step towards better liquidity and increased investor participation, the Company had undertaken subdivision of one (1) equity share of face value of Rs.10/- each into two (2) equity shares of face value of Rs.5/- each with effect from the Record date i.e. 3rd September 2010. Consequently, new equity shares of face value of Rs.5/- each were credited to the respective depository accounts of shareholders holding shares in demat mode and the new share certificates were issued to shareholders having physical shares. Pursuant to the sub-division of equity shares of the Company, a New ISIN INE437A01024 has been allotted by the Depositories.

Increase in the Authorised Share Capital

During the year, the authorized share capital of the Company has been increased from Rs.850 million divided into 150 million equity shares of Rs. 5/- each and 1 million preference shares of Rs.100/- each to Rs.1100 million divided into 200 million equity shares of Rs.5/- each and 1 million preference shares of Rs.100/- each.

Increase in the Paid-up Share Capital

During the year, the paid-up share capital of the Company increased from Rs.617.85 million (consisting of 123.56 million equity shares of Rs.5/- each) to Rs.623.55 million (consisting of 124.71 million equity shares of Rs.5/- each) consequent to the allotment of 1.14 million equity shares to International Finance Corporation, Washington upon conversion of 750 Foreign Currency Convertible Bonds of USD 10,000 each aggregating to USD 7.5 million at a price of Rs. 302.50 per share of Rs 5/- each including premium of Rs. 297.50 at a premium of 14% over the floor price determined as per the FCCB Scheme, 1993 and in accordance with the terms of the FCCB Loan Agreement dated 18th June 2009.

These shares have been listed at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange India Limited, (NSE), Mumbai.

Issue of warrants convertible into equity shares to Dr.Prathap C Reddy

(i) During the year, your Company allotted 1.54 million Equity Warrants with each warrant convertible into one equity share of the Company of nominal value of Rs.10/- each at a price of Rs.771.76 which includes a premium of Rs.761.76 per share to Dr. Prathap C Reddy, one of the Promoters of the Company. These warrants were issued with a convertible option to be exercised within a period of 18 months from the date of allotment i.e., on or before 11th December 2011.

The Company has undertaken subdivision of each existing equity share of face value of Rs.10/- each into 2 equity shares of face value of Rs.5/- each with effect from the record date i.e., 3rd September 2010. Accordingly, the 1.54 million warrants allotted to Dr.Prathap C Reddy shall stand adjusted to 3.08 million warrants of face value of Rs.5/- each at a price of Rs.385.88 per share.

(ii) On 5th February 2011, your Company allotted 3.27 million convertible share warrants to Dr. Prathap C Reddy, one of the promoters of the company on a preferential basis under the applicable SEBI guidelines.

These warrants have been issued with a conversion option to be exercised within a period of 18 months from the date of allotment. Each warrant issued is convertible into one equity share of the company of nominal value of Rs.5/- each at a price of Rs.472.46 which includes a premium of Rs.467.46 per share calculated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The objective of this preferential issue was to part fund the expansion activities, finance additional working capital requirements and for general corporate purposes.

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.

Human Resources Development

At Apollo, the delivery of superior medical care to millions of patients looking for a cure is made possible only because of the dedication and diligent services of our employees, some of whom have a touch point with patients directly and others who work indirectly to support the delivery of superior health care. Thus all our employees are both individually and collectively key for the success of Apollo as a trusted medical care provider for all our patients. The philosophy of "Tender Loving Care" is not just a motto but a way of life embraced by every employee of the Apollo family, and is a testimony of the commitment from our employees towards Apollo's vision to touch a billion lives. Thus Apollo warmly acknowledges the contribution by all its employees towards its success as a healthcare giant in India and supports every effort to nourish this invaluable human capital.

At Apollo we are aware that commitment and competence of employees are key drivers of overall organizational performance and thus we endeavour to strengthen the organizational culture both to attract and retain the best talent. The human resource systems, procedures and the organization environment have been created to ensure creativity, innovation and efficiency amongst the employees. Training is an integral part of the HR system and enables employees to align with the organization's cultural values and develop professional etiquette, skill and knowledge.

We value patient satisfaction enormously and realize that the skill and service of trained manpower are key for maintenance of the trust reposed in us as a quality healthcare provider by our patients. Attrition of trained human capital can pose a challenge in ensuring successful delivery to our patients and hence needs to be tackled systemically. We have devised an effective recruitment and human resources management process to prevent existing attrition of clinical/non-clinical manpower from impacting Apollo's superior healthcare delivery model. The robust process ensures a continuous supply of clinical manpower to support the organization's patient care delivery process. Total number of employees for the group increased from 26,659 as on 31st March 2010 to 30,640 as on 31st March 2011.

At Apollo, we believe in maintaining the right organizational climate conducive to developing satisfied and productive employees. Hence we carry out organizational climate surveys on a regular basis to understand the overall organizational climate as perceived by our employees. The Organization Climate Survey 2010 elicited responses from employees on diverse organizational themes such as Sense of belonging, Role of HOD / Superior, Communication, Decision Making process, Training, Team Building, Compensation & Customer satisfaction and based on the feedback received, development action plans are evolved for improvement.

Apollo values every individual's performance and thus Apollo Performance Management System across the Group covering all Management cadre employees was instituted focusing on alignment, measurement and reward and recognition including a Personal Development Plan. As a part of Reward & Recognition scheme, an award for "Employee(s) of the year" & "Outstanding Leader of the year" was instituted to recognize Senior Management employees who demonstrated exemplary leadership qualities by leading a high performing team with focus on growth and development of team members. Leadership development is a continuous process; it evolves as an individual gains experiences, assumes greater levels of responsibility, and faces increasing level of complex organizational demands and problems. Hence, a 360 degree feedback process focusing on leadership competencies was implemented across the Group.

Apollo's HR vision is to be an employer of choice where every employee is a brand ambassador of our superior medical service delivery, and an organization, where every individual shares the pride and commitment in taking Apollo to its next phase of development "to touch a Billion lives".

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies (Amendment) Act 2000, 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

The total deposits with the Company as on 31st March 2011 was Rs. 579.16 million (Rs.510.67 million as on 31st March 2010) which include deposits for an aggregate of value of Rs. 9.17 million (Rs. 7.53 million as on 31st March 2010) not claimed by the depositors. Out of these deposits, an aggregate value of Rs.1.62 million have since been repaid / renewed.

Directors

As per the provisions of the Articles of Association of the Company, four directors of the company viz., Smt. Suneeta Reddy, Smt. Sangita Reddy, Shri. Deepak Vaidya and Shri. Rafeeque Ahamed retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Shri. Steven Thompson had resigned from the position of Director of the Company with effect from 11th February 2011 due to his inability to continue in view of increased professional commitments.

The Board wishes to place on record its appreciation of the contributions made by Shri. Steven Thompson 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 reappointed.

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 :24th May 2011

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.

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

Technology Absorption

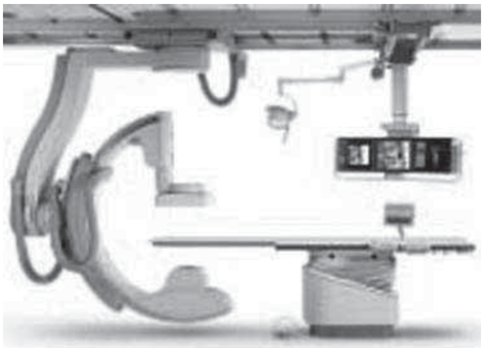
Over the years, your Company has brought into the country the best that the world has to offer in terms of technology. In its continuous endeavor to serve the patients better and to bring healthcare of international standards within the reach of every individual, your company has introduced the latest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

1. Digital Mammography system

The Group has acquired a unique Full Field Digital Mammography system including dedicated Mammography workstation and FDA approved "Breast Tomosynthesis". Compared to conventional 2D mammograms, the new system captures several low dose images of different views around the breast to form tomographic images of 1mm layers for 3D viewing. This will enable more efficient screening and diagnosis of breast cancer. The Amorphous Selenium direct capture detector eliminates light and resultant light diffusion to achieve better image sharpness with highest Modulation Transfer Function(MTF) and Detector Quantum Efficiency(DQE) in the industry. The detector and unique design of grid technology enables visualization of smallest visible micro calcifications and higher contrast images without an increase in the radiation dose. The tungsten X-ray tube with Rhodium and silver filters reduces radiation dose to patients while maintaining best image quality and contrast. The system enables best stereotactic breast biopsy services with patients in either upright or prone position for maximum patient comfort. The integrated Computer Aided Detection (iCAD) functionality enables quick and efficient display of areas in the breast that might require further review.

2. Cardiac and Vascular Angiography System

A new Cardiac and Vascular Angiography System has been installed to carry out advanced diagnostic and interventional procedures. It has a large field of view and latest generation high resolution flat detector enabling 2K image resolution. Advanced 3D image reconstruction and 3D roadmap features enhance visualization of complex vasculature in real time to complete the procedures in a shorter time. The XperCT feature makes it possible to get CT like images of soft tissue for pre and post procedure evaluation. The instant stent boost feature visualizes stents in the coronary artery in relation to the vessel lumen in real time during angiography. In addition, the X-ray tube design and beam filtration ensures high radiation safety and low radiation exposures to users.



3. Advanced Versacell Sample Management System

In order to efficiently manage the large and increasing number of patient samples for clinical chemistry and immunoassay testing, an advanced Versacell sample management system has been installed to integrate two high end analyzers. The system offers an extensive menu, large on-board reagent capacity and highest throughput to radically improve the laboratory workflow. Samples can be loaded continuously with prioritization of STAT samples. The robotic arm reduces time consuming and error prone pre-analytical sorting and coupled with intelligent routing of samples to analyzers enables fast turnaround time. The micro-volume technology in the chemistry analyzer makes it ideal for pediatric and geriatric patient population. Touch screen interface with the Versacell computer improves workflow efficiency for monitoring status of samples, drawers and robotic arm.

Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings: Rs.215.06 million (This is exclusive of Rupee payment made by Non-Resident Indians and Foreign Nationals)

Foreign Exchange Outgo : Rs.646.22 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 behavior 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 pursue excellence in all its activities and maximize 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 give 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 64 per cent of Non Executive Directors and 57 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	3,159,300	14(12)	-	-
Smt. Preetha Reddy	Promoter	Managing Director	3,366,540	13	-	-

Smt. Suneeta Reddy[1]	Promoter	Joint Managing Director	3,001,590	11(2)	1 2	Chairman Member
Smt. Sangita Reddy	Promoter	Executive Director - Operations	4,972,508	10	1	Member
Smt. Shobana Kamineni	Promoter	Executive Director - Special Initiatives	2,189,952	11	2	Member
Shri. Rajkumar Menon	Indepen-dent	Director	-	-	-	-
Shri. Rafeeque Ahamed	Indepen-dent	Director	55,900	-	-	-
Shri. Habibullah Badsha	Indepen-dent	Director	10,806	(1)	-	-
Shri. Deepak Vaidya	Indepen-dent	Director	-	4(1)	2 3	Chairman Member
Shri. N. Vaghul	Indepen-dent	Director	-	4(1)	1 1	Chairman Member
Shri. T.K. Balaji	Indepen-dent	Director	-	10(1)	1 3	Chairman Member
Shri.Khairil Anuar Abdullah	Indepen-dent	Director	-	-	-	-
Shri.G.Venkatraman	Indepen-dent	Director	-	7	5 2	Chairman Member
Shri.Steven J Thompson[2]	Indepen-dent	Director	-	-	-	-
Shri. Sandeep Naik	Non Executive	Nominee - Apax Mauritius FDI One Ltd	-	-	-	-
Shri.Michael Fernandes	Non Executive	Alternate Director to Shri. Khairil Anuar Abdullah	-	-	-	-

1. As Executive Director - Finance upto 31st May 2011 and redesignated as Joint Managing Director with effect from 1st June 2011.

2. Ceased to be a director w.e.f 11th February 2011.

Excluding Directorships in Foreign Companies, Private Companies and Section 25 companies.

Represents Membership/Chairmanship of Audit Committees and Shareholders'/Investors' Grievance Committee.

None of the Directors on the Board hold the office of Director in more than 15 Companies, or Membership of Committees of the Board in more than 10 Committees and Chairmanship of more than 5 Committees, across all companies.

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 for Directors

(a) Executive Directors

The remuneration paid to Executive Directors is recommended by the Remuneration and Nomination Committee and approved by the Board of Directors subject to the approval of the Shareholders in the General Meeting.

(b) Non Executive Directors

Non Executive Directors are paid sitting fees for the meetings of the Board and Committees, if any, attended by them. The commission paid to Non-Executive Directors is approved by the Board of Directors subject to approval of the Shareholders in the General Meeting.

(c) Details of remuneration paid to the Directors

The details of the remuneration paid/accrued to the Directors for the year ended 31st March 2011 along with their relationships and business interests is detailed below:-

(Rs. in million)

Name of the Director	Relationship with other Directors	Remuneration paid/payable for the year ended 31st March 2011			
		Sitting Fee	Remuneration	Commission	Total
Dr. Prathap C Reddy	Father of Smt.Preetha Reddy, Smt.Suneeta Reddy, Smt. Sangita Reddy & Smt. Shobana Kamineni	NA	137.12	-	137.12
Smt. Preetha Reddy	Daughter of Dr. Prathap C Reddy, Sister of Smt.Suneeta Reddy, Smt.Sangita Reddy & Smt. Shobana Kamineni	NA	54.84	-	54.84
Smt. Suneeta Reddy	Daughter of Dr. Prathap C Reddy, Sister of Smt.Preetha Reddy, Smt.Sangita Reddy & Smt. Shobana Kamineni	NA	34.27	-	34.27
Smt. Sangita Reddy	Daughter of Dr. Prathap C Reddy, Sister of Smt.Preetha Reddy, Smt. Suneeta Reddy & Smt. Shobana Kamineni	NA	13.71	-	13.71
Smt. Shobana Kamineni	Daughter of Dr. Prathap C Reddy, Sister of Smt.Preetha Reddy, Smt. Suneeta Reddy & Smt. Sangita Reddy	NA	13.71	-	13.71
Shri. Rajkumar Menon	-	0.40	-	0.85	1.25
Shri. Rafeeque Ahamed	-	0.12	-	0.85	0.97
Shri. Habibullah Badsha	-	0.18	-	0.85	1.03
Shri. Deepak Vaidya	-	0.30	-	0.85	1.15
Shri. N. Vaghul	-	0.26	-	0.85	1.11

Shri. T.K. Balaji	-	0.14	-	0.85	0.99
Shri.Khairil Anuar Abdullah	-	0.10	-	0.85	0.95
Shri.G.Venkatraman	-	0.34	-	0.85	1.19
Shri.Steven J Thompson	-	0.04	-	0.73	0.77
Shri. Sandeep Naik	-	0.16	-	0.85	1.01

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 2011 @ Rs. 0.85 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 22nd July 2011. Sitting fee also includes payment of fees for attending Board-level Committee Meetings.

(v) The Company has no stock option plans and hence, such 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.

(d) Criteria for payment to Non-Executive Directors

Compensation to the non-executive directors takes the form of commission on profits. The shareholders and the Ministry of Corporate Affairs have approved payment of commission to Non Executive and Independent Directors within the overall maximum ceiling limit of 1% (one percent) of 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 of the Company.

The Board approved the payment of commission of Rs. 0.85 million to each Non Executive and Independent Director for the year ended 31st March 2011. The aggregate commission payable to all non-executive directors is well within the limit of 1% of net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956.

The sum 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. Further, the aggregate commission paid to all non-executive directors is well within the limit of 1 per cent of net profit as approved by the shareholders. The non-executive directors are also paid sitting fees as permitted by government regulations for all board and committee meetings attended by them.

(C) Board Procedures

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

Eight board meetings were held during the financial year from 1st April 2010 to 31st March 2011. The dates on which the meetings were held are as follows:-

17th April 2010, 30th April 2010, 28th May 2010, 12th August 2010, 9th November 2010, 9th December 2010, 11th February 2011 and 2nd March 2011.

(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	8	7	Yes
Smt. Preetha Reddy	8	8	Yes
Smt. Suneeta Reddy	8	8	Yes
Smt. Sangita Reddy	8	6	Yes
Smt. Shobana Kamineni	8	6	Yes
Shri. Rajkumar Menon	8	8	Yes
Shri. Rafeeque Ahamed	8	2	No
Shri. Habibullah Badsha	8	5	Yes
Shri. Deepak Vaidya	8	5	No
Shri. N. Vaghul	8	8	Yes
Shri. T.K. Balaji	8	5	Yes
Shri. Khairil Anuar Abdullah	8	5	Yes
Shri. G. Venkatraman	8	8	Yes
Shri. Steven J Thompson	7*	2	No
Shri. Sandeep Naik	8	6	No
Shri. Michael Fernandes, Alternate Director to Shri.Khairil Anuar Abdullah	8	-	-

* Details provided till the date of resignation.

(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 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 had 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, General Manager - Project Finance & 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.

II. Composition of Board Committees

Audit Committee	Investors Grievance Committee	Remuneration & Nomination Committee	Investment Committee	Share Transfer Committee
Shri. Deepak Vaidya, Chairman	Shri. Rajkumar Menon, Chairman	Shri. N.Vaghul, Member	Smt. Preetha Reddy, Member	Dr. Prathap C Reddy, Chairman
Shri.G.Venkatraman, Member	Smt. Preetha Reddy, Member	Shri. Deepak Vaidya, Member	Smt.Suneeta Reddy, Member	Smt. Preetha Reddy, Member
Shri.Rajkumar Menon, Member	Smt.Suneeta Reddy, Member	Shri.G.Venkatraman Member	Shri. N. Vaghul, Member	Shri. Rajkumar Menon, Member
		Shri. Sandeep Naik, Member	Shri. Deepak Vaidya, Member	
		Shri. Rafeeque Ahamed, Member	Shri. T.K. Balaji, Member	

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
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 16th April 2010, 28th May 2010, 11th August 2010, 8th November 2010 and 10th February 2011.

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	5

(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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements 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 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 judgement 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, performance of the statutory and internal auditors and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
8. Discussing with internal auditors any significant findings and follow up thereon.
9. 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.
10. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
14. The Audit Committee shall mandatorily review the following information.

    (i) 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 shall be subject to review by the Audit Committee.

In addition to the areas noted above, the audit committee looks into controls and security of 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. REMUNERATION & NOMINATION COMMITTEE

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

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

1. Shri. N. Vaghul
2. Shri. Deepak Vaidya
3. Shri. G. Venkatraman
4. Shri. Sandeep Naik
5. Shri. Rafeeque Ahamed

The Scope of the Remuneration & Nomination 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 and
4. To determine the need for key man insurance for any of the company's personnel

(b) Meetings of the Remuneration & Nomination Committee

During the year, the Remuneration & Nomination Committee met on 28th May 2010 and 9th November 2010.

Sl. No	Name of the Member	Designation	Number of Meetings Held	Number of Meetings attended
1.	Shri. N. Vaghul	Chairman	2	2
2.	Shri. Deepak Vaidya	Member	2	2
3.	Shri. G. Venkatraman	Member	2	2
4.	Shri. Sandeep Naik	Member	2	2
5.	Shri. Rafeeque Ahamed	Member	2	1

3. INVESTMENT COMMITTEE

(a) Composition and Scope of the Investment Committee

The Investment Committee comprises of a majority of Independent Directors.

1. Smt. Preetha Reddy
2. Smt. Suneeta Reddy
3. Shri.N. Vaghul
4. Shri.T.K. Balaji and
5. Shri. Deepak Vaidya

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

(b) Meetings of the Investment Committee

During the year, the Investment Committee met on 16th April 2010, 28th May 2010 and 12th August 2010.

Sl. No	Name of the Member	Designation	Number of Meetings Held	Number of Meetings attended
1.	Shri. N. Vaghul	Chairman	3	3
2.	Smt. Preetha Reddy	Member	3	2
3.	Smt. Suneeta Reddy	Member	3	3
4.	Shri. Deepak Vaidya	Member	3	3
5.	Shri. T.K. Balaji	Member	3	2

4. INVESTORS' GRIEVANCE COMMITTEE

(a) Composition and Scope of the Investors' Grievance Committee

The Shareholder/Investors' Grievance 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.

This Committee comprises of the following Directors:-

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

(b)Meetings of the Investors Grievance Committee

The Committee met four times during the year on 7th April 2010, 9th July 2010, 6th October 2010 and 5th January 2011.

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, General Manager – Project Finance and Company Secretary.

5. SHARE TRANSFER COMMITTEE

Composition and Scope of the Share Transfer Committee

The Share transfer committee comprises of the following directors

1. Dr. Prathap C Reddy
2. Smt. Preetha Reddy
3. Shri. Rajkumar Menon

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 request

The Committee, attends to the share transfer 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 exceeds 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 potential conflict with the interests of the Company at large except the details of transactions disclosed in Schedule J – Notes forming part of the Accounts as required under Accounting Standard 18 of the Institute of Chartered Accountants of India, and all related party transactions are negotiated on an arms length basis.

During the year, the Company has allotted 6.36 million warrants convertible into equity shares to Dr. Prathap C Reddy one of the promoters of the company as disclosed in Clause IV(D) of the report.

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 discussion, nor do they vote in such matters. The Audit Committee of the Company also reviews related party transactions periodically.

(B) Accounting Treatment

The Company follows 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 in 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 would review the probability of risk events that adversely affect the operations and profitability of the Company and suggest 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 has allotted:-

(1) 1.54 million warrants convertible into equity shares to Dr. Prathap C Reddy with each warrant convertible into one equity share of face value of Rs.10/- each at a price of Rs.771.76 per share including a premium of Rs.761.76 per share on 12th June 2010. Consequent to the stock split of face value of Rs. 5/- the number of warrants shall stand adjusted to 3.08 million warrants of face value of Rs. 5/- each at a price of Rs. 385.88 per share.

(2) 3.27 million warrants convertible into equity shares to Dr. Prathap C Reddy with each warrant convertible into one equity share of face value of Rs.5/- each at a price of Rs.472.46 per share including a premium of Rs.467.46 per share on 5th February 2011.

(3) 1.14 million equity shares to International Finance Corporation, Washington on conversion of Foreign Currency Convertible Bonds to the extent of US$ 7.5 million. These shares have been issued at a price of Rs. 302.50 per share of Rs 5/- each including premium of Rs.297.50 at a premium of 14% over the floor price determined as per the FCCB Scheme, 1993 and in accordance with the terms of the FCCB Loan Agreement dated 18th June 2009.

The Audit Committee reviews the utilization of proceeds on a quarterly basis.

(E) Management

The Management’s 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 and the Managing Director, all other Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956. During the year, Shri. Rafeeque Ahamed, Smt. Suneeta Reddy, Smt. Sangita Reddy and Shri. Deepak Vaidya will retire and are eligible for re-appointment at the ensuing Annual General Meeting.

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

(2) Communication to shareholders

The unaudited quarterly/half yearly financial statements are announced within forty five days of 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 given 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 2011, the audited annual results were announced on 24th May 2011. The audited annual results are taken on record by the Board of Directors and are communicated to the Stock Exchanges where these results are given 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.

(3) Investors' Grievances and Share Transfer

As mentioned earlier, the Company has a Board-level Investors Grievance 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 Annual General Meetings held during the preceding three years are given below:

Year	Date	Venue	Time	Special Resolutions Passed
2007-2008	Aug 28, 2008	Kamaraj Arangam, Chennai	10.00 A.M.	No special resolutions were passed
2008-2009	Aug 26, 2009	Kamaraj Arangam, Chennai	10.00 A.M.	❖ Issue of 1,500 Foreign Currency Convertible Bonds (FCCBs) of face value of USD 10,000 each aggregating to USD 15 million to International Finance Corporation, Washington. ❖ Payment of Commission to Non Executive and Independent Directors within the maximum limit of 1% of net profits of the company, for a period of five years w.e.f. 1st April 2009.
2009-2010	July 26, 2010	Kamaraj Arangam, Chennai	10.00 A.M.	❖ Subdivision of each existing equity share of face value of Rs.10/- each into 2 equity shares of face value of Rs.5/- each ❖ Alteration of Memorandum and Articles of Association to give effect to the subdivision of equity shares

(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, Executive Director-Finance was placed before the Board of Directors at their meeting held on 24th May 2011.

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 : (a) There is no Non-Executive Chairman for the Company.
   (b) No specific tenure has been specified for any of the Independent Directors.

2. Remuneration Committee : Details are given under the heading 'Remuneration & Nomination Committee'.

3. Shareholder Rights : Details are given under the heading 'Communication to Shareholders'

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

The Company has not adopted 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.

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	22nd July 2011 at 10.15 a.m. at Kamaraj Arangam, No. 492 Anna Salai, Teynampet, Chennai – 600 006.
(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	9th July 2011 to 22nd July 2011 (both days inclusive)

(iv) Dividend Payment	On or before 5th August 2011
(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 Ltd (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Tel : 91-22-2659 8100 - 8114 Fax : 91-22-26598237/38 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	Wholesale Debt Market Segment of National Stock Exchange of India Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Tel : 91-22-2659 8100 - 8114 Fax : 91-22-26598237/38 Website : www.nseindia.com
(4) Listing Fees	Paid for all the above stock exchanges for 2010-2011 and 2011-2012
(vi) Address of the Registered Office	No. 19 Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028.
(vii) a) Stock Exchange Security Code for	
(1) Equity Shares	
(i) The 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	APOL20, APOL21

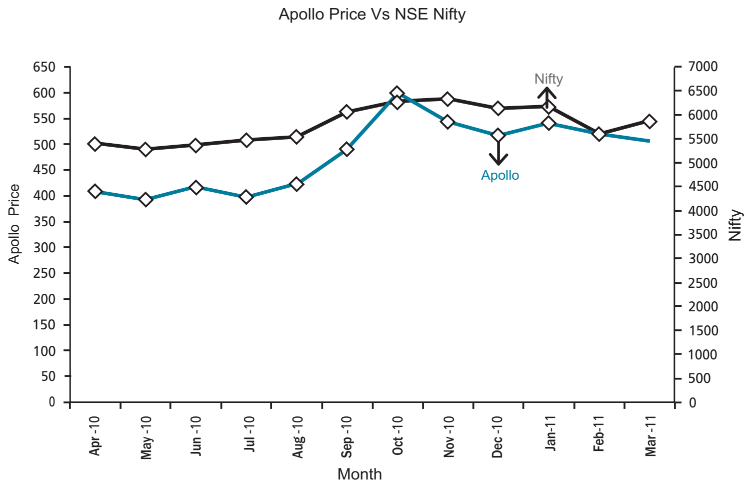
b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE437A01024
c) ISIN Numbers of GDRs	Reg. S GDRs – US0376082055 Rule 144a GDRs – US0376081065
d) ISIN Numbers of Debentures	INE437A07062 INE437A07070
e) Overseas Depositary for GDRs	The Bank of New York Mellon 101 Barclay Street, 22W New York, NY 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 - 400025, Tel. +91-22- 24255212, Fax +91-22-6667 2779/2740

(viii) Monthly High and Low quotations along with the volume of shares traded in NSE & BSE during the year 2010-2011

Month	National Stock Exchange (NSE)			The Bombay Stock Exchange, (BSE)		
	High	Low	Volume	High	Low	Volume
	(Rs.)		Numbers	(Rs.)		Numbers
Apr-10	820.00	694.60	1,111,796	819.20	700.00	414,168
May-10	788.90	656.00	865,301	787.50	655.50	262,544
Jun-10	835.00	731.15	972,154	835.50	730.00	464,286
Jul-10	797.90	730.35	1,124,337	800.00	734.00	350,361
Aug-10	849.95	770.00	1,009,094	858.80	769.20	303,422
Sep-10*	492.00	408.00	1,614,498	461.25	406.00	451,615
Oct-10	599.70	446.00	4,958,824	599.00	445.00	1,311,312
Nov-10	544.95	452.20	1,575,572	545.00	453.00	306,808
Dec-10	518.50	450.00	1,027,278	519.50	451.55	146,134
Jan-11	541.90	450.00	1,369,262	542.00	450.00	448,796
Feb-11	521.20	450.30	1,518,518	501.80	450.10	5,714,821
Mar-11	506.00	454.05	1,598,519	502.00	453.00	408,254

(*)after the adjustment of subdivision of each equity share of face value of Rs.10/- into two equity shares of face value of Rs.5/- each

(ix) Apollo Price Vs Nifty



(Share Price adjusted for split in face value of Rs. 5/- each)

(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@iepindia.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, 1956 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

	2010-2011	2009-2010
	(face value of Rs.5/-)	(face value of Rs.10/-)
Shares Transferred	444,956	44,325
Total No. of Shares as on 31st March	124,710,710	61,784,859
% on Share Capital	0.36	0.07

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' ServicesThe status on the total number of requests / complaints received during the year were as follows:

S.No.	Nature of Complaints/Requests	Received	Replied	Pending
1.	Change of Address	285	285	-
2.	Revalidation and issue of duplicate dividend warrants	261	261	-

3.	Share transfers	447	447	-
4.	Split of Shares	23	23	-
5.	Change of Bank Mandate	149	149	-
6.	Correction of Name	3	3	-
7.	Dematerialisation Confirmation	1184	1184	-
8.	Rematerialisation of shares	2	2	-
9.	Issue of duplicate share certificates	11	11	-
10.	Transmission of shares	100	100	-
11.	General enquiry	300	300	-

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 five pending cases relating to dispute over the title to shares, in which the 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 change in their address, E-mail 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, E-mail 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 the accounts.

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

During the year, the Company has transferred a sum of Rs. 1.33 million in aggregate which comprises Rs. 1.32 million as unclaimed dividend and Rs. 0.01 million as unclaimed deposit 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 2011

No. of Equity Shares	Shares				Holders			
	Physical		Electronic		Physical		Electronic	
	Nos.	% to total No. of shares	Nos.	% to total No. of shares	Nos.	% to total No. of Holders	Nos.	% to total No. of Holders
1 - 500	1,329,025	1.07	1,994,776	1.60	8,828	26.68	20,586	62.19
501 - 1000	556,480	0.45	860,671	0.69	731	2.21	1,115	3.37
1001 - 2000	632,592	0.51	779,429	0.62	370	1.12	493	1.49
2001 - 3000	420,858	0.34	337,453	0.27	159	0.48	132	0.40
3001 - 4000	398,938	0.32	359,025	0.29	112	0.34	99	0.30
4001 - 5000	88,836	0.07	153,740	0.12	19	0.06	33	0.10
5001 - 10000	932,898	0.74	730,736	0.59	118	0.36	103	0.31
10001 - above	3,997,504	3.20	111,137,749	89.12	40	0.12	163	0.49
Total	**8,357,131**	**6.70**	**116,353,579**	**93.30**	**10,377**	**31.35**	**22,724**	**68.65**
Grand Total	**124,710,710**				**33,101**			

2) Categories of shareholders as on March 31, 2011

Category code	Category of Shareholder	Total number of shares	Percentage to total no. of shares
(A)	**Shareholding of Promoter & Promoter Group**		
1	Indian		
(a)	Individuals/ Hindu Undivided Family	23,546,314	18.88
(b)	Bodies Corporate	17,905,124	14.36
	Total Shareholding of Promoter and Promoter Group (A)(1)	**41,451,438**	**33.24**
(B)	**Public shareholding**		
1	Institutions		
(a)	Mutual Funds/ UTI	463,160	0.37
(b)	Financial Institutions / Banks	7,836	0.01
(c)	Central Government/ State Government(s)	323,708	0.26
(d)	Insurance Companies	3,502,246	2.81
(e)	Foreign Institutional Investors	36,648,406	29.38
	Sub-Total (B)(1)	**40,945,356**	**32.83**
B 2	Non-institutions		
(a)	Bodies Corporate	1,774,469	1.42
(b)	Individuals		
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	7,660,760	6.14
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	419,416	0.34
(C)	**Any Other (Specify)**		
	Trusts	118,170	0.09
	Directors and their relatives	91,606	0.07
	Non Resident Indians	2,055,245	1.65
	Overseas Corporate Bodies	16,199	0.01
	Clearing Member	15,990	0.01
	Hindu Undivided Families	136,203	0.11
	Foreign Corporate Bodies	26,963,058	21.62
	Sub-Total (B)(2)	**39,251,116**	**31.47**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**80,196,472**	**64.31**
	TOTAL (A)+(B)	**121,647,910**	**97.54**
(C)	Global Depository Receipts (GDRs)	3,062,800	2.46
	GRAND TOTAL (A)+(B)+(C)	**124,710,710**	**100.00**

3) GDRs

The details of high / low market price of the GDRs at The Luxembourg Stock Exchange and Rule144 A GDRs at Portal Market of NASDAQ during the financial year 2010-2011 are as under

Month	Reg. S			Rule 144 - A		
	High ($)	Low ($)	Closing ($)	High ($)	Low ($)	Closing ($)
Apr-2010	17.73	16.32	17.64	17.68	16.30	17.68
May-2010	17.39	13.99	16.03	17.36	13.97	16.49
Jun-2010	17.32	15.61	16.19	17.74	15.70	16.17
Jul-2010	16.92	15.84	16.89	16.93	15.72	16.90
Aug-2010	17.73	16.81	17.12	17.70	16.73	17.17
Sep-2010*	10.23	8.81	10.23	10.12	8.93	10.12
Oct-2010	12.88	10.18	11.75	12.87	10.20	11.75
Nov-2010	12.11	10.07	10.39	12.07	10.10	10.46
Dec-2010	11.30	10.16	10.16	11.32	10.18	10.18
Jan-2011	11.28	9.98	10.70	11.25	10.02	10.71
Feb-2011	10.80	9.94	10.24	10.76	9.96	10.27
Mar-2011	10.85	10.24	10.58	10.88	10.23	10.60

Note : 1 GDR = 1 equity share. * Adjusted for split in face value of Rs. 5/- per share w.e.f. 3rd September 2010

(xiii) 1) Dematerialization of Shares

As on 31st March 2011, 93.30% 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 Practicing Company Secretary carries out an Audit to reconcile the total admitted capital with the 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 a 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 held 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 million 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 2011 are given below :

Particulars		Nos.
Total GDRs issued		18,000,000
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	14,937,200
Outstanding GDRs as on 31st March 2011		3,062,800

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

(i) Pursuant to the resolution passed by the members in an Extraordinary General Meeting held on 29th May 2010, 1.54 million Equity Warrants with each warrant convertible into one equity share of the Company of nominal value of Rs.10/- each at a price of Rs.771.76 which includes a premium of Rs.761.76 per share was allotted to Dr. Prathap C Reddy, one of the Promoters of the Company on 12th June 2010. These warrants were issued with a convertible option to be exercised within a period of 18 months from the date of allotment i.e., on or before 11th December 2011.

The Company has undertaken subdivision of each existing equity share of face value of Rs.10/- each into 2 equity shares of face value of Rs.5/- each with effect from the record date i.e., 3rd September 2010. Accordingly, the 1.54 million warrants allotted to Dr.Prathap C Reddy shall stand adjusted to 3.08 million warrants of face value of Rs.5/- each at a price of Rs.385.88 per share.

(ii) Pursuant to the resolution passed by the members in an Extraordinary General Meeting held on 22nd January 2011, 3.27 million Equity Warrants with each warrant convertible into one equity share of the Company of the nominal value of Rs.10/- each at a price of Rs.472.46 which includes a premium of Rs.467.46 per share was allotted to Dr. Prathap C Reddy, one of the Promoters of the Company on 5th February 2011. These warrants were issued with a convertible option to be exercised within a period of 18 months from the date of allotment i.e., on or before 4th August 2012.

(xv) Investors Correspondence

1) 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@iepindia.com

2) For queries relating to dividend

Shri. L. Lakshmi Narayana Reddy, 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

xvi) Hospital Complexes

Apollo Hospitals

Chennai	No. 21 & 24 Greams Lane, Off. Greams Road, Chennai – 600 006.Tel : 044 - 2829 3333/ 28290200
	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
	No.159 E.V.R. Periyar Salai, Chennai – 600 010. Tel : 044 - 2821 1111, 2821 2222
	Apollo Children’s 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
Madurai	Lake View Road, K.K.Nagar, Madurai-625 020. Tel : 0452 – 2580 199 / 2580 892 / 893

Karur	Apollo Loga Hospital, No.163, Allwyn Nagar, Kovai Road, Karur - 639 002. Tel : 04324 - 241900
Karaikudi	Managiri Sukkanenthal Village, Thalakkavur Panchayat, Kallal Panchayat Union, Karaikudi - 630 001.
Aragonda	Thavanampallee Mandal, Chittoor District, Andhra Pradesh - 517 129 Tel : 08573-283 220, 221, 222, 231
Hyderabad	Jubilee Hills, Hyderabad - 500 033 Tel : 040-2360 7777
	Old MLA Quarters, Hyderguda, Hyderabad - 500 029 Tel : 040-2338 8338
	Rajiv Gandhi Marg, Vikrampuri Colony, Secunderabad - 500 033 Tel : 040- 2789 5555
	Apollo Hospitals - DRDO, DMRL 'X' Roads, Kanchanbagh, Hyderabad - 500 058 Tel : 040 - 2434 2222 / 2211 / 3333
	Bhagyanagar Colony, Opp. Kukatpally Housing Board, Hyderabad - 500 072 Tel : 040 - 2316 0039
	PET-CT Scan Centre, Apollo Hospitals Complex, Jubilee Hills, Hyderabad - 500 033 Tel : 040-2360 7777
	St. Johns Road, Near Keys High School, Secunderabad Tel : 040-2771 8888
Karim Nagar	Apollo Reach Hospital, H.No.G.P.No.4-72, Theegalagutta Pally, G.P., Arepally Rev. Village, Karimnagar. Tel: 087-8220 0000
Visakapatnam	No.10-50-80 Waltair Main Road, Vishakapatnam - 530 002. Tel : 0891 - 272 7272, 252 9619
Kakinada	Main Road, Kakinada - 533 001. Tel : 0884 - 2345 700/800/900
Mysore	Apollo BGS Hospitals, Adichunchanagiri Road, Kuvempu Nagar, Mysore - 570 023. Tel : 0821 - 256 6666, 256 8888
Bilaspur	Lingiyadi Village, Bilaspur - 495 001. Chattisgarh Tel : 07752-240390 /243300-02
Bhubaneswar	#251, Sainik School Road, Unit 15, Bhubaneswar - 751 005. Tel : 0674 - 2304400 / 6661066
Ahmedabad	Plot No.1A, GIDC Estate, Bhat Village,Gandhi Nagar, Gujarat - 382 428. Tel : 079-6670 1800
Bangalore	154/11 Bannerghatta Road, Opp. IIM, Bangalore - 560 076. Tel : 080-4030 4050
Kolkata	No. 58, Canal Circular Road, Kolkata - 700 054. Tel : 033-2320 3040 / 2122
Mauritius	Apollo Bramwell Hospital Royal Road, Moka, Republic of Mauritius, Tel : (230) 6051000
New Delhi	Sarita Vihar, Delhi Mathura Road, New Delhi - 110 044. Tel : 011-2692 5858
Life Style Centres	105 G.N. Chetty Road, T.Nagar, Chennai - 600 017. Tel : 2834 0410, 2834 1066, 3912 4444

T-95, 3rd Avenue, Anna Nagar, Chennai – 600 040.
Tel : 2622 3233, 2622 4504, 2620 6666

City Centre, 445 Mint Street, Chennai 600 079.
Tel : 2529 5500/ 6081, 6082, 6083

No. 12 C.P. Ramaswamy Road, Alwarpet, Chennai – 600 018.
Tel : 2499 6236, 2467 2200

ACE for Women # 15/42, Gandhi Mandapam Road,
Kotturpuram, Chennai – 600 085. Tel : 2447 1212 / 1222

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

Apollo Clinic,
New No. 137 (Old No.70A) Velachery Road,
Guindy, Chennai – 600 032
Tel : 2244 1111 / 2244 2222

Apollo Cosmetic Surgical Centre
No. 14, Jayammal Street, Teynampet, Chennai - 600 018
Tel : 3913 9139 /3913 9431

Apollo Emergency Centre, Near Santi Fire Works, Malakpet,
Hyderabad – 500 036 Tel : 040-2455 7551, 2455 7552

Apollo Emergency Centre, Mehdipatnam 'X' Roads,
Mehdipatnam, Hyderabad – 500 028.
Tel : 040-2359 0677

Apollo Emergency Centre, Rajiv Gandhi International
Airport, Samshabad Hyderabad. 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 : 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

PREETHA REDDY
Managing Director

Place : Chennai
Date : 24th May 2011

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 on 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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)
CIT Colony, Mylapore
Chennai – 600 004

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

Place : Chennai
Date :24th May 2011

V.C. KRISHNAN
Partner
Membership No. 022167

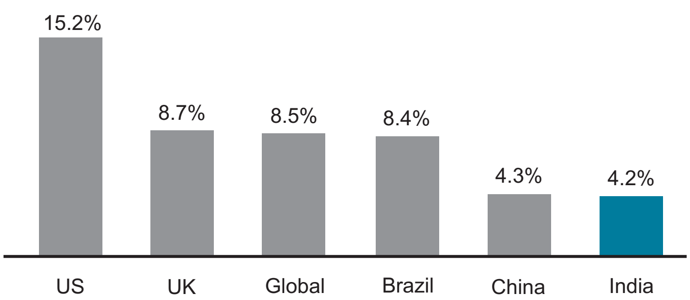
Management Discussion and Analysis

General Overview of Healthcare Services Industry in India

According to the WHO, healthcare expenditure constituted approximately 4.2% of India's gross domestic product ("GDP") in 2008. India's per capita spend on healthcare significantly trails behind developed countries. According to the WHO, India's per capita health expenditure stood at approximately US$122 compared to approximately US$ 7,164 in the United States, US$ 3,222 in Germany and $ 265 in China. The global average per capita health expenditure was US$ 863.

Healthcare spends (as % of GDP) (2008)

India is an under-penetrated healthcare market



The Indian healthcare market is comprised of both the public and private sectors. According to the World Bank, the Indian public healthcare sector is under-funded and too small to meet the current health needs of the country. Over the last two decades, a majority of tertiary care institutions in the public sector have been facing a resource crunch resulting in their inability to maintain and upgrade their equipment, pay for consumables and upgrade their infrastructure to meet the growing demand for complex diagnostic and therapeutic treatments. As a result, there is an increasing preference for private hospitals.

Current and Projected Healthcare Services Landscape

According to CRISIL, the private sector accounted for around 75% of total healthcare expenditure in India, which is among the highest proportions of prviate healthcare spending the World. The private sector in India comprises of assorted providers such as not-for-profit and voluntary organizations and trusts, commercially driven providers including corporate houses, standalone specialist services, diagnostic laboratories and pharmacies. CRISIL research estimates suggest that the private health sector accounts for 50-55% of in-patient care and 70-75% of out-patient care.

The healthcare delivery market is expected to grow at a compounded rate of approximately 11% and reach a size of Rs 4,950 billion by 2018. The growth will be driven by a number of factors including a shift in demographics, increasing health awareness and improving health insurance coverage.

India lags behind several global parameters in terms of hospital infrastructure and manpower. India ranks below several developing countries including China, Thailand, Sri Lanka and Vietnam in terms of both beds-to-population and physicians-to-population ratios. According to the WHO Report on Health Statistics 2011, India's bed-to-population ratio is 9 for every 10,000 people, as compared to the global average of 29 per every 10,000 people. Also, while India has one of the largest medical workforces with almost 660,000 doctors and over 1.3 million nurses and midwifery personnel, there is a major shortage of skilled labour. India's ratio of physicians per 10,000 individuals is 6 (compared to the global median of 14) and ratio for nurses and midwifery personnel per 10,000 individuals is 13 (compared to the global median of 29).

Over the next 5 years, assuming a capital expenditure of Rs 2.5 million per bed excluding land cost, it is estimated that in order to attain a ratio of 15 beds per 10,000 individuals, an investment of around Rs. 1,740 billion would be required. In order to attain the global benchmark of 29 beds per 10,000 population ratio, India will require an investment of approximately Rs 6,400 billion.

Future Outlook and Trends

The growth in demand for healthcare delivery services will be driven by a combination of various factors including changing demographics, increasing income levels, greater health awareness and increasing health insurance coverage.

- ### Change in Demographics

It is expected that population growth in India will increase the demand for additional beds in future. India's population is predicted to grow from approximately 1.1 billion in 2009-10 to over 1.4 billion by 2026. Life expectancy is also increasing, further increasing the demand for beds. The proportion of people over 60 years is also expected to increase to over 12% from current levels of approximately 8%. As the requirement for healthcare delivery amongst the senior citizens is high, this shift in demographics signals the need for larger healthcare infrastructure in the coming years. As current healthcare delivery systems remain inadequate to meet such demand, CRISIL predicts that there could be a tremendous opportunity for growth in this area.

- ### Rising Income Levels

There has been a rapid growth of the middle and upper classes, particularly the urban middle class segment which accounts for a majority of healthcare spending in India. With the increasing affluence of the Indian population, the demand for healthcare services is expected to increase, leading to an increase in the per capita expenditure on healthcare.

- ### Rising health awareness

With the rise in literacy levels across the country and growing awareness, it is expected that a greater percentage of the population will recognize the need for quality preventive and curative healthcare. This is likely to result in an increased demand for healthcare delivery services as the hospitalization rate (percentage of people who actually visit a hospital when unwell) will increase.

- ### Changing Disease Profile

As a result of changing demographics (the most significant change being an increase in the percentage of the population in the 30-60 age group, from approximately 32.3% in 2007 to approximately 40% by 2026), and rising incomes (a greater percentage of households earning more than Rs. 200,000 per annum), the incidence of lifestyle-related diseases such as diabetes and hypertension are expected to increase. It is estimated that in 2008, cardiovascular diseases, cancer and diabetes collectively accounted for approximately 13.8% of all hospitalized cases. In terms of value, these three diseases accounted for approximately 38.6% of in-patient revenues. The incidence of these three diseases will increase significantly in future as a result of a change in dietary habits and people adopting a more sedentary lifestyle. These diseases are expected to account for approximately 17.5% and approximately 19.9% of the hospitalized cases in 2012 and 2017 respectively.

- ### Health Insurance Coverage

According to CRISIL, over 95% of India's private healthcare expenditure is paid for by out-of-pocket expenditure as health insurance coverage is under 5%. However, an increasing number of the domestic workforce is being covered by corporate healthcare plans. As the penetration of health insurance increases, healthcare is likely to become more affordable for a larger percentage of the population. As a result, hospitalization rates (the percentage of times an individual actually visits a hospital when he/she needs to) is expected to increase. In addition, health checkups, which form a mandatory part of health insurance coverage, are also expected to increase, boosting the demand for an adequate healthcare delivery system.

- ### Medical Tourism

Medical tourism has gained momentum over the years and India is fast emerging as a major medical tourist destination. As governments across the globe and patients worldwide struggle with soaring healthcare costs , the relatively low costs of surgery and critical care in India is drawing the attention of global healthcare providers.

These private healthcare players are collaborating with Indian tourism to tap the potential of this burgeoning industry.
India is extremely competitive in terms of healthcare costs as compared to the developed countries and other nations in Asia. In addition, India has a pool of highly qualified doctors and support staff. The fact that India offers advanced medical facilities in critical areas such as cardiology, joint replacement, orthopedics, ophthalmology, organ transplants and urology adds to its competitive advantage. The presence of large private hospital chains, whose hospitals are globally renowned, enhances India's status as an attractive destination for medical tourism.

Pharmacy Market

The Indian pharmacy retailing industry is a highly fragmented industry and primarily comprises of standalone drug retailing stores. These are represented by regional chemist associations to protect their business interests. It is estimated that approximately 6,50,000 pharmacies are spread across the country and these numbers are expected to grow in the coming years. Also present, though currently miniscule as a proportion of the entire market, are 12-15 pharmacy chains which have introduced organized pharmacy retailing in the country a few years ago.

Growth in pharmacy dispensing is driven by a growing and ageing population coupled with increasing per-capita incomes across both rural and urban areas. Earlier in smaller towns people were dependent on government hospitals for medication. With rising incomes consumers are now able to buy medication from retail outlets. As per BMI data, India was the fourth largest pharmaceutical market in the Asia Pacific region in FY10. However, the per-capita spending on medicine stood at USD 13.5 which trails several other regional economies and this is set to increase in the coming years.

Also various Indian pharmaceutical companies are aggressively increasing their presence in non-urban towns through distribution and marketing initiatives which is leading to enhanced consumer and medical practitioner awareness.

Even though the absolute number of pharmacy dispensing outlets seems high, the market is still attractive and throws up a lot of opportunity for the pharmacy retail chains on the back of a growing healthcare industry. Pharmacy chains of a reasonable scale in urban and non-urban regions would be able to generate attractive returns as the sheer volumes of transactions increase. Further, the distribution network and footfalls attracted by these stores can be leveraged to market and sell non-pharmaceutical products. Several chains have also forayed into value added services to increase operating profitability per store.

It is estimated that organized retail chains account for about 3% share of India's pharmaceutical retail industry. These are largely focused on urban areas and as they proliferate into semi-urban and rural areas it is expected that their market share will increase substantially.

Health Insurance

As per the IRDA annual report, the health insurance sector, which falls under the non-life sector, had underwritten premiums in excess of Rs.80 billion in FY10 compared to Rs 66 billion in FY09 translating to a growth rate of 20%. However, premiums underwritten by the entire non-life sector grew by 14%. This clearly indicates that health insurance has grown higher than the non-life sector as a whole and is expected to grow at a similar rate over the next couple of years .

The market consists of general insurance companies who offer health insurance as a part of their product offering. IRDA has recently granted licenses to three insurance companies to operate exclusively in the health insurance segment. Apollo Munich Health Insurance is one of these three companies to receive a license to operate only in the health insurance segment. Going by the growth of the healthcare insurance sector in India, Apollo Munich believes that there lies a significant opportunity to be tapped.

Currently the penetration is low and barely five percent of India's population is covered by health insurance as most of the health insurance lies in the corporate health space and the retail segment is still evolving. Increasing urbanization has led to higher incidence of life related disease. Further still, increasing numbers of people in the urban and semi-urban regions are opting for health insurance on back of rising healthcare costs.

Healthcare BPO

The prospects for the healthcare BPO services industry are expected to be quite strong as offshoring of healthcare revenue cycle management services are set to gain traction with the healthcare reforms in the US. The outsourcing industry is well placed to capitalize on the opportunities created due to the emphasis created on suppliers and providers across the health insurance space to identify avenues for cost savings . Further, more than half of the US based hospitals are directly or indirectly offshoring various components of healthcare services .

We offer medical BPO services through Apollo Health Street Limited (AHSL). AHSL provides end-to-end medical outsourcing services catering to the healthcare information needs of United States-based doctor groups, hospitals and insurers including voice and non-voice processes like revenue cycle management, accounts receivable follow-up, medical coding and medical transcription.

Opportunities and Threats

Opportunities

India – Favourable Demand Supply Equation

There is a significant gap between the demand for and supply of quality healthcare in India. Apart from abysmal public healthcare facilities India is faced with many other factors such as historical underinvestment, growing population and increasing incidence of lifestyle diseases. The current industry scenario favours larger players who can make the required investments and offer extensive and high quality treatments.

Healthcare Spending Forecast to Grow

The nature of health problems is changing rapidly. As treatments struggle to keep pace with the increasing complexity of health problems there is an increase in the use of technological innovations. Further, there is a shift in the epidemiology profile of the country with a larger proportion of lifestyle diseases such as diabetes as well as increase in heart disease and cancer. This is resulting in an increase in the average cost of treatment.

Medical Tourism

Medical tourism has emerged as the fastest growing segment of the tourism industry in India despite the global economic downturn. High cost of treatments in the developed countries, particularly the USA and UK, has been forcing patients from such regions to look for alternative and cost-effective health care destinations. Further, India's private hospitals have gained international recognition for their state-of-the-art facilities. With aggressive marketing strategies, India can further increase its attractiveness as a destination for medical tourism and claim a greater market share of the Global Medical Tourism industry.

Innovation in Delivery Models

The high cost of setting up new hospitals and the intensifying competition have spurred innovations in the delivery model. Operators are utilising avenues like REITs and Operations & Management contracts to reduce the capital outlay. There is also increasing regulation favouring investments in healthcare with tax concessions provided for investments in setting up new hospitals. These innovations provide operators with the ability to expand and generate attractive returns without investing similar amounts of capital as in the past.

Threats

Shortage of Trained Medical Personnel

The Healthcare Manpower to Population ratio in India is very low as compared to the global norms. The Government of India in the last few years has taken certain steps to address the shortage of doctors and nurses both at the national and the regional levels to ensure adequate healthcare delivery such as relaxation of regulations and permitting private medical colleges and nursing institutions to set up facilities. However the initiatives taken are not adequate to address the supply of healthcare professionals as against the existing high demand . Apollo through its strong brand has been able to meet these challenges by being able to attract NRI doctors returning to India as well as fresh medical graduates. Further, it is addressing shortage of nursing staff through its training centres whereby 750 nurses graduate every year.

Intensifying Competition

The attractiveness of the healthcare market in India has attracted a number of players and there has been an increase in competition in the industry. Certain areas of the country are faced with over supply and hospitals in these areas have to compete for market share. There is increased availability of funds for investment into the industry and this is leading to a surge in the number of hospital chains in the country. This will result in heightened competition for business, for resources, for locations and for market share.

Capital Intensive Nature of business

While the investment environment has improved, the fact remains that the healthcare business requires significant domain expertise as well as large amounts of capital. Further, the gestation period for a new hospital is high resulting in further challenges on account of capital requirements.

Inflation & Rising Costs

There has been sustained cost pressure and rising inflation in India. This has resulted in a significant increase in the operating costs for the hospitals business. Apart from high upfront costs, the costs involved in the day to day running of hospitals are increasing sharply. This poses a challenge for health care players to manage cost pressures while being able to sustain margins.

Obsolescence of Medical Equipment

The medical equipment and healthcare industries are characterised by rapid technological change. The development of new or improved products, processes, or technologies results in obsolescence of existing equipment at a rapid pace. This has to be balanced with the need for providing high quality treatments at affordable costs. Apollo monitors market developments to ensure that we are updated on the latest technological developments and treatment methodologies.

Company Overview

The Company was founded by Dr. Prathap C. Reddy in 1979 and started with a single hospital in Chennai with 150 beds. It became a publicly listed company on the BSE and the Madras Stock Exchange in 1983 and was listed on the NSE in 1996. The Apollo Hospitals group today includes over 8,700 beds across 54 hospitals, 62 clinics, an extensive chain of Apollo Pharmacies, medical BPO operations, health insurance services and clinical research divisions that are working on the cutting edge of medical science. Apollo's main business is the provision of healthcare services, catering to the primary, secondary and tertiary health requirements of patients.

We are a large healthcare service provider with a comprehensive span of healthcare capabilities, enabling us to provide end-to-end services to patients. The Apollo Hospitals Group also offers seamless delivery of services at every level of care - primary, secondary and tertiary, and we are also engaged in inter-related businesses of retail pharmacy, clinical & diagnostic services, medical BPO services, health insurance and third party administration services. The Apollo Group also supports healthcare related initiatives such as provision of telemedicine services, education and training programmes and research activities .

Healthcare Services

We have over 8,717 beds across 54 hospitals in India. We reported Rs. 12,884 million, Rs. 15,511 million and Rs. 19,295 million in revenues from the hospitals segment during fiscal years 2009, 2010 and 2011 respectively. This includes revenues from our hospitals business along with revenues from our Global projects and consulting as well as revenues from Pharmacies located within the premises of our hospitals.

During fiscal 2011, hospitals owned by us, our subsidiaries, associates and joint ventures handled over 2.5 million in-patient and out-patient cases.

We constantly seek to be in the forefront of the healthcare industry by providing new services and introducing specialized healthcare models. Our healthcare facilities provide treatment for acute and chronic diseases across primary, secondary, and tertiary care sectors. Seven of our hospitals have received accreditations from the

Joint Commission International, USA ("JCI") for the delivery of quality healthcare services and meeting the JCI's standards for patient safety and three of our hospitals have received accreditations from the National Accreditation Board for Hospitals & Healthcare Providers ("NABH") for the delivery of high quality patient care. Our tertiary care hospitals provide advanced levels of care in over 50 different medical departments, including cardiac sciences, oncology, radiology and imaging, gastroenterology, neurosciences, orthopedics and emergency services. We have identified cardiology, oncology, neurology, orthopedics and transplants as the key focus areas of our tertiary care hospitals.

Identifying a gap between supply and demand for tertiary care services in India, we recognize that there is a need to realize the full potential of and to maximize our market share of procedures performed in each of these key focus areas or what we refer to as "Centers of Excellence" ("COEs"), with the objective of becoming the first choice for patients in the respective COEs. We intend to achieve this primarily by providing the highest standards of care and constantly improving our clinical outcomes in all procedures performed under each COE.

We plan to undertake a number of initiatives, including:

- Strengthening each COE practice through addition of experienced and skilled surgeons and physicians.
- Expanding each COE practice area with comprehensive sub-specialties and treatment services.
- Continue investing in the latest cutting-edge medical technology and equipment so as to offer high quality healthcare services to our patients.
- Establishing well-defined clinical pathways and protocols with a strong focus on clinical outcomes.
- Knowledge sharing and integration across the Apollo Hospitals group through dedicated service line managers for each COE practice.

Projects and Consultancy Services

Our consultancy services business is among the leading healthcare consulting organizations in India. We provide pre-commissioning consultancy services which include feasibility studies, infrastructure planning and design advisory services (functional design and architecture review), human resource planning, recruitment and training and medical equipment consultancy planning, sourcing and installation services. We also provide post-commissioning consultancy services which include management contracts (providing for day-to-day operational support), franchising and technical consultation (such as human resource planning and training and the establishment of medical and administrative protocols). We provide these services to our own projects in India as well as to third party organizations across the globe for a fee.

Our international consultancy projects include providing operational management services for establishing and managing radiology and laboratory services for a large hospital in Kuwait and management of a tertiary care hospital in Bangladesh.

Apollo Reach Hospitals

As part of our commitment to make healthcare and advanced medical technology available to the masses, we are in the process of establishing a network of hospitals under the "Apollo REACH" initiative.

Hospitals under the Apollo Reach initiative shall be smaller hospitals, with around 100-200 beds, and will be located in Tier II and Tier III cities in India. We believe that this will enable us to take high quality healthcare services closer to the masses so that patients in these locations do not have to travel to the Tier 1 cities for comprehensive medical treatments. At the same time, these hospitals will allow us to expand our network and penetrate different markets in the Tier II and Tier III cities.

We have already established Apollo REACH hospitals in a number of Tier II cities including Kakinada, Karaikudi, Karimnagar, Bhubaneswar, and Karur, and have plans to establish more facilities across the country. We have identified a number of Tier II and Tier III cities across the country which are under served currently but have a sizable population and spending potential. Based on our experience, start-up costs per hospital bed in a Tier II or Tier III city are generally lower compared to a Tier I city. As income levels rise in these markets, purchasing power will increase; accordingly, we expect our revenue realizations to grow further.

Standalone Pharmacies

Our stand-alone pharmacy business which is among the largest in India, with a network of 1,199 outlets as of March 31, 2011 delivered a strong performance achieving a 36% growth in turnover and a positive EBITDA of Rs. 31 million for the year under review.

The company segregates the performance of the mature stores, i.e. stores set up prior to March, 2007 and stores set up after that date. The mature stores indicate the potential of the business after the stabilization phase.

The EBITDA margin from mature stores improved to 5.15% in FY11 from 3.50% in FY10. The overall SAP business consisting of mature stores as well as new stores achieved a positive EBITDA for the first time since inception. Furthermore, the retail pharmacy segment consisted of 1,199 stores as of March 31, 2011.

We attribute the success of our pharmacy business largely to the brand value and recognition of the "Apollo" name. Our pharmacies offer a wide range of medicines, surgical, hospital consumables, health products and general "over-the-counter" products. The mix between over-the-counter products and prescription products is regularly reviewed to ensure a larger range for the consumer and also to keep an appropriate mix of sales and margins.

During fiscal 2011, we focused on operational improvements in our retail pharmacies and introduced strategies such as (i) the introduction of generic and self branded products which have higher margin and (ii) increasing bulk distribution of medical supplies and disposable equipment to hospitals and other healthcare providers.

While the number of stores increased from 1,049 as of March 31, 2010 to 1,199 as of March 31, 2011, our revenue increased from Rs. 4,821 million in fiscal 2010 to 6,583 million in fiscal 2011.

Primary Care Clinics

Through Apollo Health and Lifestyle, our wholly-owned subsidiary, we provide primary healthcare through a network of clinics located across India. We initially set up the clinics through franchise model for a one-time fixed payment and regular royalty payments payable by franchisees. In year 2010 we changed our business model to set up clinics through own investment. After successfully establishing 10 owned clinics in the pilot phase, we have planned to increase our network to 100 clinics in financial year 2011. At present, we have a total of 62 clinics with an additional 35 clinics under implementation as of 31st March 2011. Through our clinics, we aim to make quality healthcare accessible in more regions and to more people. Our clinics provide facilities for basic and advanced consultation and diagnostic tests. All clinics are equipped with a 24-hour pharmacy. Some of our clinics also offer telemedicine facilities to facilitate the provision of second opinions from specialist doctors.

Medical Insurance – Apollo Munich Health Insurance

The Indian health insurance market has emerged as a new and lucrative growth avenue for both the existing players as well as the new entrants. The Indian health insurance market has posted record growth in the last two fiscals (2009-10 and 2010-11). Health insurance premium collections are expected to grow at a CAGR of over 25% for the period spanning from 2011-12 to 2013-14.

The Apollo Hospitals Group had entered into a JV with Munich Health Holding AG, a subsidiary of Munich Re. Munich Re is one of the world's leading reinsurers. It has around 5000 clients (insurance Companies) in about 150 countries. Munich Re has brought together its global healthcare know-how in insurance and reinsurance under a single brand 'Munich Health'. Munich Health devises innovative healthcare solutions for clients and partners all over the world.

During the financial year 2010-11, the company achieved a gross written premium of Rs. 2,835 million against a full year premium of Rs.1,147 million in FY 2009-10. There has been an overall positive trend in the top line with improvements in operating parameters. During the year 2010-11 the company surpassed its target in Gross Written Premium considerably by more than 40% over the plan.

Apollo Health Street

Apollo Health Street is a leading Business Processing Outsourcing company specializing in solutions catering to the Healthcare Industry. AHS's offerings include a range of outsourcing services catering to Hospitals, Physicians and Payers as well as Information Technology solutions.

Apollo Health Street continues to demonstrate good traction during the year as it has added new clients and new service offerings. During the year Apollo Health Street augmented its senior management team by bringing on board senior members of the industry both in management and sales roles.

During the year Apollo Health Street entered into an exclusive alliance with Wellspring+Stockamp, Huron Healthcare, a part of the Huron Consulting Group (NASDAQ: HURN), a leading provider of business consulting services. The alliance is jointly marketing revenue cycle services to provider clients across the United States.

New clients during the year included a contract to provide Full Business Office Management and Support for Roxborough Memorial Hospital, System Conversion Services to Grady Memorial Hospital, and Small Balance Accounts Receivables Management for Reading Hospital and Medical Center.

New facilities included the first self owned office in Siruseri near Chennai. The facility is already partly functional and currently houses more than 400 employees.

Telemedicine

Telemedicine is the ability to provide interactive healthcare solutions through the use of modern technology and telecommunications. Basically, Telemedicine allows patients to visit with physicians live over video for immediate care or capture video/still images with the patient data being stored and sent to physicians for diagnosis and follow-up treatment at a later time.

Application of telemedicine is expanding virtually across all the medical areas. Telemedicine currently finds application in majority of medical domains including radiology, cardiology, dermatology, psychiatry, dentistry, pediatrics and pathology, among others.

Telemedicine facilities are managed by the Apollo Telemedicine Networking Foundation ("ATNF") . Its operations include providing teleconsultations and second opinion facilities to sites where there is limited access to quality healthcare. The first VSAT enabled village hospital in the world was commissioned by the then US president Bill Clinton in March 2000 at Apollo Aragonda hospital. In the last 11 years more than 69,000 teleconsultations have been given in 25 different specialities at distances varying from 100 to 6500 miles, through its 95 centres in India and 9 overseas. More than 750 CME programmes and grand rounds have been carried out through the telemedicine departments of Apollo Hospitals. Through " desktop telemedicine" a recent initiative consultants will eventually be able to give teleconsults from their departments without having to come to the telemedicine department. ATNF has given the largest number of teleconsults and more than 175 CME programmes to 39 countries in Africa in the Pan African eNetwork Project, an " Aid Africa" initiative of the Government of India. ATNF is on several working groups and high power committees of the Government of India.

Education and Training Programs

We provide extensive education and training programs through Apollo Hospitals Education and Research Foundation and Apollo Hospitals Educational Trust. Our primary objective in establishing, maintaining and supporting educational institutions is to promote medical, paramedic and hospital management courses. Apollo Institute of Hospital Management offers a Master's degree in hospital management and has provided training to more than 335 students. The Apollo School of Nursing and College of Nursing offers various courses at different levels and provides training to nurses to equip them to serve in hospitals across India and overseas. A total of 750 nurses are expected to complete courses at these institutions during the current academic year. Besides retaining a number of nurses that we have trained in our hospitals, through our Global Nursing Program, we have also placed some of the nurses that we have trained in hospitals in the United States, Europe, the Middle East and Asia.

We also offer programs to train medical technicians, including emergency medical technicians and laboratory technicians, with the required skill and knowledge in various aspects of medicine and technology.

Research

Our faculty members across various departments are engaged in a broad spectrum of research, including therapeutic trials, investigation of disease pathogenesis and discovery-oriented basic science. We also intend to establish a Surgical Research Centre to explore new approaches to organ reconstruction and rehabilitation and we are also entering into clinical trials for the discovery of better treatment methods, cost-effective alternatives and improvements in medical technology, with the objective of providing better patient care.

Corporate Highlights

- Consolidated Revenues crossed the landmark of Rs 25 billion in annual revenues for the year - Rs.26,054 million (up 29% yoy)

- 'GREAT PLACES TO WORK 2010' - Apollo Health City, Hyderabad was ranked as one of the top 100 companies to work for by the Economic Times & Great Place to Work Institute

- Chairman Dr. Prathap C Reddy awarded the prestigious Alexandria - Frost & Sullivan 2010 - Lifetime Achievement Award in Healthcare Sector and Apollo Pharmacy presented with the Healthcare Retail Company of the Year Award

- Shri. Rafeeque Ahamed, Director conferred with "Padma Shri" award by Government of India.

- CRISIL Equities upgraded Apollo Hospitals Enterprise Limited' (AHEL) CRISIL IER fundamental grade to 5/5 from 4/5. It is only the second company in India to receive this rating. The grade indicates that the company's fundamentals are 'excellent' relative to other listed equity securities in India.

- Apollo Hospitals and Aircel launched the 'Aircel Apollo Mobile Healthcare' for consumers in India which will address Healthcare plans to reach out to the Masses anytime anywhere with the help of Tele Medicine and Tele Triage.

Strengths

Leading Healthcare Service Provider in India

Our main business is the provision of healthcare services, catering to the primary, secondary and tertiary health requirements of patients. We have a large network of hospitals with a wide geographical spread, making quality healthcare services accessible to the population living across cities and rural areas of India. We believe that we are one of the largest buyers of medical consumables and medical equipment in the Indian private healthcare sector. We also have a large network of retail pharmacies, which offer a wide range of medicines, surgical, hospital consumables, health products and general "over-the-counter" products.

To improve the general population's access to quality healthcare, we have developed a distributed access model. Under this model, our network of secondary hospitals and primary clinics serve the needs of patients in their local communities and at the same time, support our tertiary care hospitals by referring to them patients who require sophisticated, advanced procedures and specialized care. This model helps us to expand our reach beyond the core areas of the local communities that our secondary hospitals and primary clinics serve and also allow us to optimize our capital costs by deploying our resources across our network.

Clinical Excellence

We believe that we are widely recognized as the architect of modern healthcare in India and a pioneer of several healthcare-related initiatives in India. Since our first hospital commenced operations in 1983, we have been focused on the provision of high quality healthcare at competitive prices, a position which we believe the Apollo brand name has become synonymous with. We believe that clinical excellence is a critical consideration for many people when choosing their healthcare provider and we therefore aim to constantly pursue it. We have implemented clinical governance tools such as Apollo Clinical Excellence ("ACE @ 25") and Clinical Pathways, and adhering to clinical practice guidelines for common diseases and high standards of clinical protocols set by leading accreditation bodies such as the JCI and the NABH.

ACE @ 25 is a scorecard designed by us to assess clinical excellence through objective and quantitative measurement of all parameters that are critical for the clinical operations of our Company. Examples of some of these parameters are ALOS, coronary artery bypass surgery, ALOS post renal transplant and survival rate of liver transplant patients one year after surgery.

Our commitment to provide quality healthcare and patient-centric approach have improved our operational and clinical efficiency and we have received many awards. A large number of our facilities have been accredited by leading Indian and international accreditation agencies. Indraprastha Apollo Hospital was the first hospital in India to be accredited by the JCI and our other hospitals in Delhi, Chennai, Hyderabad, Ludhiana, Dhaka, Bangalore and Kolkata have also been accredited by the JCI for the delivery of quality healthcare services and meeting the JCI's standards for patient safety. In 2009, our hospitals in Delhi, Chennai and Hyderabad were re-accredited by the JCI. In addition, our hospitals in Madurai, Chennai (Apollo Specialty Hospital) and Ahmedabad have been accredited by the NABH for the delivery of high quality patient care.

Our Strong Brand Value

We believe that we have a strong track record in building long-standing relationships with senior doctors, continually increasing the number of new patients served and being the choice for our returning patients, resulting in our ability to attract and retain high quality talent in both medical and non-medical functions. We believe that such track record together with our focus on achieving and maintaining world class clinical outcomes have enabled us to build a strong brand name. We have received many awards that we believe are a testimony to our strong brand built over 27 years in the healthcare industry.

Tradition of Technology Innovation and Leadership

We continuously invest in medical technology and equipment and modernize our hospital facilities in order to offer high quality healthcare services to our patients and expand the range of healthcare services we offer.

We have been the first healthcare company to introduce many cutting-edge medical technology and equipments in the Indian sub-continent, including the following:

- The G4 CyberKnife® Robotic Radiosurgery System, Asia-Pacific's most advanced cancer treatment system, was first launched in India at Apollo Specialty Hospital, Nandanam, Chennai.
- The 320 slice computed tomography ("CT") scanner, an advanced diagnostic tool used in heart, brain and whole body scanning, was first launched at the Apollo Heart Centre, Chennai.
- The Novalis Tx™ Radiotherapy and Radiosurgery system, one of the most precise, non-invasive and fastest treatments available for cancerous and non-cancerous conditions of the entire body, was installed in our hospitals in Hyderabad, New Delhi and Kolkata.
- The 64 slice Positron Emission Tomography-Computed Tomography ("PET-CT") scan system, was first installed in India at Apollo Specialty Hospital, Chennai.
- South Asia's first-of-its-kind, full-field digital mammography with tomosynthesis (3D) system, was installed at Apollo Speciality Hospital, Chennai.

The availability of sophisticated medical equipment, such as the 16-slice PET CT scan operated by Apollo Gleneagles PET-CT Pvt Limited ("AGPCL"), ensures that we are among the few healthcare providers in India who are able to offer advanced healthcare procedures, such as stereo tactic radio surgery and bone marrow transplants, to our patients. Our hospital in Chennai has also commissioned the next generation of 3D electro-anatomical mapping system, which will enable our doctors to accurately locate and treat electro-physical disorders of the human heart. We also offer stem cell therapy in our Mauritius hospital to treat patients with cardiovascular, vascular and orthopedic conditions and diseases.

We consistently promote telemedicine as a method to provide healthcare solutions to patients in remote locations.We launched the first rural telemedicine centre in India in 2000 to cater to a large number of villagers in various locations across India and neighboring countries.

We believe that our investment in the latest and most advanced medical technology and equipment available has also enabled us to attract some of the most respected doctors in India to practice in our hospitals and which has also made our hospitals the preferred treatment destinations for patients from various countries around the world. We constantly monitor technological innovations and medical developments globally to ensure that we have and are kept up-to-date with the latest relevant technology and treatments in the industry.

Strong Relationships with Doctors and Skilled Medical Professionals

We believe that we are among the leading private sector healthcare employers in India and one of the pillars of our success is our huge talent pool of over 4,100 doctors (including 2,414 "fee for service" doctors) across more than 50 specialties, 7,863 nurses and 2,403 paramedic personnel. Many of our consultants have received qualifications or received training or worked in the United Kingdom, Australia or the United States. In addition, many of our doctors have received accolades and awards, including the Dr. B.C. Roy National award, and the Padma Bhushan and Padma Shree awards, with certain of our doctors heading international and national medical associations.

We also believe that we have been able to build a broad base of skilled medical professionals by (i) providing formal and informal education through nursing colleges, technology schools, exchange programs with affiliated leading overseas universities, seminars and conferences and (ii) training in specialist skills including in patient care, intensive care, neonatal care, surgical technology and communication. In our view, our commitment to continuing education and training is one of the reasons why we have been able to reduce attrition rates and build long-term relationships with our doctors.

We work on a "fee for service" model with our doctors. We believe this is an important component of the doctor-hospital relationship and has helped us to retain our doctors and specialists by incentivizing performance which in turn is linked to quality of service and clinical out-comes.

Experienced and professional management with domain expertise and strong execution track record

We benefit from an experienced management team with executive directors who have long and proven track records in the healthcare industry and who have made significant contribution to the growth of the Company, from one hospital in 1983 to over 54 hospitals, 1200 pharmacies and 62 clinics as of 31st March 2011. In addition, several of our directors have extensive experience in various aspects of our business and the healthcare industry, including the areas of finance, administration and management.

We are served by the domain expertise of a large pool of well qualified and experienced professionals. Our Chairman and several members of the senior management are qualified doctors while a number of doctors in our group are heads of various international and national medical associations. As the healthcare business requires a significant amount of expertise compared to most other businesses, we are able to benefit from the domain expertise of our well qualified and experienced group of doctors.

Weaknesses

We have added 150 Stand-alone pharmacies during the year and added 700 hospital beds during the last 15 months. Since the new hospitals and pharmacies would take some time to stabilize operations and attain maturity, these can depress the margins.

The relatively high attrition rates among the nursing staff due to higher emoluments being offered by competitors and in overseas countries necessitates continuing investments in training to ensure that the clinical staff is equipped with the right skills, competencies and expertise needed to provide quality healthcare.

Awards

- In the annual ranking of Best Hospitals in the country by "The Week" Magazine, Apollo Hospitals, Chennai was ranked as the 2nd best hospital in the country while Indraprastha Apollo Hospitals, Delhi was ranked as the 5th best hospital in the country.

- In several cities like Chennai, Hyderabad & Ahmedabad, Apollo Hospitals has been rated as the best multi-specialty hospital while Apollo Hospitals in Delhi, Kolkata and Bengaluru were ranked second. On the basis of specialties, Apollo Hospitals has been ranked as the best private sector hospital for Cardiology & Diabetology and the second best private hospital after Tata Memorial Hospital for Oncology.

- Apollo Hospitals wins the – "India's Most Preferred Hospital" – Viewer's choice award. The India Healthcare awards 2010 were based on a three phased research methodology commissioned by CNBC-TV18 and conducted by IMRB International - market research. Apollo Hospitals, Chennai also won the second runner up award instituted for India's Best Multi Specialty hospitals.

- Apollo Munich Health Insurance Co Ltd (AMHI) was felicitated with the Celent Model Insurer Asia 2011 award in the policy administration system (PAS) category. The award recognizes excellence in technology best practices at insurers in Asia, in various categories.

- Apollo Health City, Hyderabad won the Excellence Award for "My Sugar" an innovative on-going patient, education and empowerment effort for diabetes at Asian Hospital Management Award 2010 at Seoul.

Risk Management and Internal Controls

The management of the Company focuses immensely on risk management and internal controls, as these factors are co-related with the business operations. The Company has in place a detailed Risk Management system covering legal, treasury, regulatory and financial reporting to name a few. Authority and responsibility have been clearly defined at all stages of the hierarchy to mitigate risks. Issues raised by the Internal and Statutory Auditors are addressed with utmost importance, so as to identify loopholes and de-bottleneck to processes.

Risk Management Model

Various risk-related initiatives and activities form part of the Risk Management Model at Apollo Hospitals:

- **Risk Identification:** Committed monitoring and identification of risks is carried out at regular intervals towards improving the processes and procedures. This assessment is based on risk perception survey, business environment scanning and inputs from stakeholders.
- **Risk measurement and Treatment:** Post identification of risks, measurement and treatment is a crucial step in operation of the business. Risk mitigation and solutions are defined, so as to bring in line the risk exposure levels to the risk appetite.
- **Risk reporting:** Risk reporting brings risk management back to the core business. The reporting at AHEL is aimed to be knowledge based and consistent with the organization's outlook of rules, regulations and accounting conventions. Besides risk reporting, there is an established Risk Council which deals with the reported risks. In addition, a quarterly report is presented to the Risk Management Committee, which reviews the ERM program, the status and trends available on the material risks highlighted.

Internal Control Systems and their Adequacy

There is an established internal control system in place for the Company and its subsidiaries. The company deploys a robust system of internal controls to allow optimal use and protection of assets, facilitate accurate and timely compilation of financial statements and management reports, and ensure compliance with statutory laws, regulations and company policies. The company has also put in place an extensive budgetary and other control review mechanisms whereby the management regularly reviews actual performance with reference to the budgets and forecasts.

Discussion on Consolidated Financial Performance and Results of Operations

The following table present summaries of results of operations for the years ended 31st March 2010 and 2011

Particulars	2011		2010	
	(Rs in million)	% of Income	(Rs in million)	% of Income
Operating Revenues	26,054		20,265	
Add: Other Income	186		322	
Total Income	26,240	100.0%	20,587	100.0%
Operative expenses	13,886	52.9%	10,726	52.1%
Salaries and benefits	4,151	15.8%	3,308	16.1%
Administration & other expenses	3,828	14.6%	3,218	15.6%
Profit before interest, depreciation and tax	4,375	16.7%	3,335	16.2%
Depreciation and amortization	948	3.6%	757	3.7%
Profit before interest and tax	3,427	13.1%	2,578	12.5%
Financial expenses	814	3.1%	602	2.9%
Profit before Income Tax	2,613	10.0%	1,976	9.6%

Provision for taxation	873	3.3%	676	3.3%
Profit after tax before minority interest & share in associates	1,740	6.6%	1,300	6.3%
Less: Minority interest	(15)	(0.1%)	(37)	(0.2%)
Profit after minority interest	1,755	6.7%	1,337	6.5%
Add: Share in associates	84	0.3%	39	0.2%
Profit after share in associates	1,839	7.0%	1,376	6.7%

For the Years Ended 31st March 2011 and 2010

Revenues

The 29% change in our operating revenues for 2011 compared to 2010 was primarily the result of an increase in occupancy and Revenue Per Bed Day (RPBD) for hospitals as well as strength growth in the SAP business. Health care services revenues grew by 24% from Rs 15,511 million to Rs 19,295 million. Revenue per Bed Day increased from Rs. 16,620 to Rs. 18,706. 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 rolled out under the Stand Alone Pharmacies business segment was 1,199 as at March 2011 compared to a figure of 1,049 stores as at March 2010. These rollouts together with maturity of existing stores led to a 36% yoy revenue growth in the SAP business segment.

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

Years Ended 31st March

Particulars	2011	2010	Increase (Decrease)	% Increase (Decrease)
Admissions	264,902	235,160	29,742	12.7%
Revenues per adjusted admission Rs.	68,687	62,000	6,687	10.8%
Average length of stay (No. of days)	4.83	4.84	(0.01)	-
Out-patients	2,308,205	1,947,990	360,215	18.5%
Revenue per bed day (Rs)	18,706	16,620	2,086	12.6%

Expenses

Salaries and Benefits

Our salaries and benefits expense of Rs. 3,115 million during 2011 increased by Rs. 782 million from Rs. 3,897 million in 2010. 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 Standalone Pharmacies (SAPs).

Year Ended 31st March (Rs. in million)

Particulars	2011	% of Revenues	2010	% of Revenues	Increase (Decrease)	% Increase (Decrease)
Salaries, wages and benefits (excluding managerial remuneration)	3,897	14.9%	3,115	15.1%	782	25%
No. of employees	30,640		26,659		3,981	14.9%
Average salary per employee per month (Rs)	10,600		9,737			

Operative Expenses

During 2011, our supplies expense of Rs. 13,886 million increased 29%, as compared to Rs. 10,726 million in 2010. The increase in supplies cost was in line with the growth in operating revenues.

Other Operating Expenses

The following table summarizes our operating and administrative expenses for the periods presented
Year Ended 31st March (Rs. in million)

Particulars	2011	% of Revenues	2010	% of Revenues	Increase/ (Decrease)	% Increase/ (Decrease)
Repairs and maintenance	652	2.5%	549	2.7%	103	18.8%
Rents and leases	811	3.1%	689	3.3%	122	17.7%
Outsourcing expenses	445	1.7%	357	1.7%	88	24.9%
Marketing and advertis-ing	502	1.9%	335	1.6%	167	49.9%
Legal and professional fees	282	1.1%	210	1.0%	72	34.3%
Rates & taxes	64	0.2%	72	0.4%	(8)	-10.9%
Provision for doubtful debts	81	0.3%	115	0.6%	(34)	-29.3%
Other operat-ing expenses	990	3.8%	891	4.3%	99	11.1%
	3,827		**3,218**		**609**	**19.0%**

Depreciation and Amortization

Our depreciation and amortization expense increased to Rs. 948 million during 2011, as compared to Rs. 757 million during 2010. The increase in our depreciation and amortization expense is largely due to capital improvement projects completed during 2011 and normal replacement costs of facilities and equipment.

Financial Expenses

Our financial expenses increased to Rs. 814 million during 2011, as compared to Rs. 602 million during 2010. The increase is largely due to additional borrowings for financing the capital improvement projects completed during 2011 and normal replacement costs of facilities and equipment.

Provision for Income Taxes

The provision for taxes during the year ended 31st March 2011 is Rs. 873 million as compared to Rs. 676 million in the previous year ended 31st March 2010.

Liquidity and Capital Resources Liquidity

Our primary sources of liquidity are cash flows provided by our operations and our debt 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, expend funds on capital expenditures and fund certain small to mid-size hospital acquisitions.

Capital Expenditures

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.

The following table reflects our capital expenditures for the years indicated

(Rs. in million)

Particulars	31.03.2011	31.03.2010	31.03.2009
Capital Work In Progress	573	592	1,734
Capital Expenditure including technical upgradation	2,554	3,272	1,910
	3,127	3,864	3,644
ROCE	11.90%	10.00%	8.5%

Summary of Cash flow statement is given below:

(Rs. in million)

Particulars	Year Ended	
	31.03.2011	31.03.2010
Cash and cash equivalents at beginning of the year	3,140.06	879.42
Net cash from operating activities	2,587.67	1,986.26
Net cash used in Investing activities	(4,414.65)	(2,016.89)
Net cash from financing activities	467.44	2,267.93
Net increase in cash and cash equivalents	(1,359.54)	2,237.31
Cash and cash equivalents at the end of the year	1,780.52	3,116.73

Cash Flow from Operating Activities

Net cash of Rs.2587.67 million was generated from operating activities by the Company in fiscal 2011 compared to Rs.1986.26 million in fiscal 2010.

(Rs. in million)

Particulars	Year Ended	
	31.03.2011	31.03.2010
Operating profit before working capital changes	4,302.51	3,143.45
Effect of working capital changes	(1,042.84)	(294.16)
Foreign Exchange loss	6.26	7.91
Adjustments for Misc.Exp.written off	(3.15)	(6.23)
Cash generation from operations	**3,262.78**	**2,850.97**
Taxes paid	(675.11)	(864.71)
Net cash provided by operating activities	**2,587.67**	**1,986.26**

In fiscal 2011, non-cash adjustments to reconcile the net profit before tax and extraordinary items of Rs.2613.18 million to net cash from operating activities consisted primarily of depreciation expense of Rs.941.70 million, interest paid of Rs.778.44 million and deferred revenue expenses and preliminary expenses of Rs.5.81 million. Trade and other receivables increased by Rs. 919.51 million, inventories increased by Rs. 165.83 million, trade payables increased by Rs. 380.82 million and other net current assets increased by Rs. 33.31 million.

Cash Flow from Investing Activities

(Rs. in million)

Particulars	Year Ended	
	31.03.2011	31.03.2010
Purchase of fixed assets (Net)	(3,156.91)	(3,891.73)
Sale / (Purchase) of investments	(1,306.72)	1,664.47
Interest and Dividend received	102.97	231.30
Others	(53.99)	(20.92)
Net cash used in investing activities	**(4,414.65)**	**(2,016.89)**

Net cash used in investing activities was Rs. 4414.65 million in fiscal 2011 as compared to Rs.2016.89 million in fiscal 2010. The net cash used in investing activities in fiscal 2011 consisted of purchase of fixed assets of Rs.3334.98 million, Purchase of trade and non trade investments (net) of Rs.1,306.72 million. Fixed assets comprised mainly of medical equipment and surgical instruments, buildings and electrical installations and generators. Our investments comprised mainly of investments in short- term financial instruments in mutual funds in fiscal 2011.

Cash Flow from Financing Activities

(Rs. in million)

	Year Ended	
	31.03.2011	31.03.2010
Proceeds from share issue	791.86	883.48
Proceeds from Borrowings	2,131.20	3,100.15
Repayment of finance/lease liabilities	(1,254.54)	(732.12)
Income from treasury operations	11.77	31.35
Interest and Dividend paid	(1,212.85)	(1,014.93)
Net cash from financing activities	**467.44**	**2,267.93**

Cash provided by financing activities totalled Rs.467.44 million in fiscal 2011 as compared to Rs.2267.93 million in fiscal 2010. Cash provided by financing activities in fiscal 2011 resulted primarily from issue of warrants to promoters, debentures placed with LIC and ECB from IFC. In fiscal 2011, we received proceeds of Rs.791.86 million from the issuance and sale of equity interests to promoters and issue of shares by Apollo Munich Insurance Company Ltd to other promoters. We also received proceeds of borrowings of Rs.2,131.20 million. We used part of the proceeds from financing activities to repay loans of Rs.1,254.54 million in fiscal 2011. We paid interest and dividend of Rs.1212.85 million in fiscal 2011.

Human Resources

Apollo views its Human Resources role as a strategic business partner. The people associated with the Group are our assets as they are the key drivers for our sustained growth and success.

The total employee strength was 30,640 employees as on 31st March 2011 compared to 26,659 employees as on 31st March 2010. The increase in employees is due to the new hospitals set up during the year, increase in SAPs and due to other initiatives undertaken during the year.

We seek to create a conducive working environment for all our employees as we organize trainings and supplementary activities at regular intervals. We are an equal opportunity employer and seek to align HR policies with our business goals. Initiatives such as performance-linked rewards, transparent review process and building high performance work teams have been drawn up for the benefits of all our employees.

Cautionary Statement

Statements in this Management Discussion Analysis describing the company’s objectives, projections, estimates and expectations may be ‘forward looking statements’ within the meaning of applicable laws and regulations. Actual results may differ substantially or materially 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

Excellence at Apollo Hospitals is a continuous journey. Diverse as we may be in our locations, the zeal to excel is the common thread that binds all Apollo Hospitals. We continuously strive towards improving the structures and processes at Apollo Hospitals to achieve the best outcomes for our patients. This drive to excel in the fast changing world of medicine leads us from one quality improvement initiative into another. Apollo Hospitals focuses on the three pillars of Clinical, Academic and Research Excellence.

2010 was the second year of reporting of ACE @ 25, the Apollo Clinical Excellence scorecard. The average ACE @ 25 score for all Apollo Hospitals taken together rose from 70.32 in January 2010 to 75.84 in December 2010, a shift from scores in orange to scores in green. This was the overall result of numerous parameters at various locations showing a steady improvement in scores. To reward the efforts made by various hospitals for their outstanding clinical excellence showcased as their ACE @ 25 scores, ACE @ 25 awards were given to the highest scorers.

The Apollo Quality Workshop in October 2010 drafted the Apollo Quality Programme which has been implemented at all Apollo Hospitals. It aims at addressing the issues of clinical handovers, surgical safety, six International Patient safety Goals as envisaged by JCI and medication errors across all Group Hospitals with compliance checked through a measurable dashboard every month.

Each hospital of the Apollo Group has developed Clinical Practice Guidelines (CPGs) and Clinical Pathways (CPs) for treatment of various diagnoses in consultation with their consultants in the respective specialty. Adherence to CPGs and CPs by the various treating physicians is monitored on a continuous basis through closed file audits by the quality teams. Acute Myocardial Infarction, Fulminant Hepatic Failure, Seizure management, LSCS, Hysterectomy, Renal Transplants are examples of diagnoses where CPGs are followed. CABG, GI Bleed, TURP, Lap Chole are examples of clinical pathways followed by Group hospitals. CPGs and CPs are reviewed on a periodic basis for incorporating newer developments.

Apollo Hospitals Ludhiana got reaccredited by JCI in Feb 2010 and three Group Hospitals – Apollo Delhi, Bangalore and Dhaka shall undergo JCI reaccreditation surveys in 2011 with respect to the 4th edition of the JCI. A number of Group Hospitals are preparing for NABH accreditation. Apollo Speciality Hospitals, Teynampet, Chennai got NABH accredited in 2010 and Apollo Hospitals, Ahmedabad in Feb 2011.

		Last accredited	Reaccreditation due
1	Apollo Hospitals Delhi	2008	2011
2	Apollo Hospitals Bangalore	2008	2011
3	Apollo Dhaka	2008	2011
4	Apollo Hospitals Chennai	2009	2012
5	Apollo Hospitals Hyderabad	2009	2012
6	Apollo Hospitals Kolkata	2009	2012
7	SPS Apollo Hospitals Ludhiana	2010	2013

NABH Accreditation				
Sr. No	Name of Hospital	Last Accredited	Reaccredita-tion due	Accreditation planned
1	Apollo Speciality Hospitals Madurai	2009	Jun 12	
2	Apollo Specialty Hospitals, Teynampet Chennai	2010	Jan 13	
3	Apollo Hospitals Ahmedabad	2011	Feb 14	
4	Apollo Hospitals Noida			Mar 11
5	Apollo DRDO Hospital			Mar 11
6	Apollo Ranchi			Oct 11
7	Apollo BSR Hospitals, Bhilai			Mar 12

8	Apollo BGS Hospitals Mysore			Mar 12
9	Apollo Hospitals Kakinada			May 12
10	Apollo Hospitals Secunderabad			Feb 12
11	Apollo Hospitals Karimnagar			Mar 12
12	Apollo Hospitals Bhubaneswar			Feb 12
13	Apollo Hospitals Heart and Kidney Centre Vizag			Jun 12
14	Apollo Hospitals Bilaspur			Jun 12
15	Apollo Hospitals Karur			Jun 12

Rocket 14 project was launched to take our Centres of Excellence to new heights. Six Centres of Excellence were assigned to six CEOs with national and regional Service Line Managers to achieve excellence in cardiac sciences, neurosciences, orthopedics, oncology, transplant medicine and emergency services.

The focus on academics and research received more and more emphasis and DNB courses are planned to be introduced at Ahmedabad, Bangalore, Kakinada, Bhilai and Ludhiana to take the number from 426 to 600 by 2012. Our success rate of DNB trainees remained over 50% against the national average of 25%. DNB trainees from Apollo Hospitals Hyderabad performed commendably with success rate of over 75% during the July 2010 session. Programmes with the Royal colleges and courses by Medvarsity continued to attract a number of students.

International Postgraduate Paediatric Certificate, a unique international program to learn Global Best Practices in Paediatrics conducted by The University of Sydney and the Children's Hospital at Westmead, Australia in collaboration with Apollo Hospitals Educational and Research Foundation (AHERF) was started in September 2010. Nine students are pursuing the course in the first batch. Advanced Course in Diabetology was started with the University of Queensland with 20 general practitioners.

Research grants of Rs 50,000 each were given to our consultants for 21 projects in 2010. Thirteen research papers by our consultants published in journals with high impact factor were rewarded with Rs 20,000 to Rs 40,000 depending on the impact factors. Five Apollo Fellows were appointed for clinical research in Radiation Oncology, Gastroenterology, Nephrology, CTVS and Cardiology.

Four issues of Apollo Medicine Journal were published in 2010, one each dedicated to Internal Medicine, Minimal access Surgery, Critical Care and Gastroenterology & Gastrointestinal Surgery.

On its way to facilitate research through its "3C"s concept - Creation of the needed infrastructure, Cultivation of researchers and Collaborations with stakeholders from the Industry and Government, AHERF has had some important developments in the year 2010. AHERF was entitled as a Scientific and Industrial Research Organization (SIRO) by the Department of Scientific and Industrial Research (DSIR); it launched the nationwide multi-centric Cardiovascular program; with its venture in the area of Information Technology and healthcare, AHERF developed the Drug Drug Interactions database for clinicians; AHERF got into a Joint Venture with StemCyte Inc. from USA and Cadila Pharmaceuticals and formed StemCyte India Theraputics; a state of the art centre for Phase I studies was established as a collaborative venture with Quintiles at Hyderabad; in addition to all this, AHERF continues to provide intellectual and operational support to scientists/clinicians across hospitals to promote research.

Auditor's Report to the Members of Apollo Hospitals Enterprise Limited

1. We have audited the attached Balance Sheet of APOLLO HOSPITALS ENTERPRISE LIMITED as at 31st March 2011, the related Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We have also considered the independent audit observations of the divisional auditors for the Pharmacy Division, Projects Division, Hyderabad Division, Bilaspur Division, Mysore Division, Vizag Division, Pune Division, Karim Nagar Division and Mandya Division for forming an opinion on the accounts for the respective Divisions.

4. 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 sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. In the absence of any notification from the Central Government with respect to the Cess payable under Section 441A of the Companies Act, 1956, no quantification is made. Hence, no opinion is given on Cess unpaid or paid, as per the provisions of Section 227(3) (g) of the Companies Act, 1956.

6. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:

   (i) 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 ;

   (ii) 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 books;

   (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account ;

   (iv) In our opinion, the Balance Sheet , the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards specified by the Institute of Chartered Accountants of India, referred to in subsection (3C) of Section 211 of the Companies Act, 1956;

   (v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, and

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto , give the information required by the Companies Act, 1956, in the prescribed manner and also 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 31st March 2011;

(b) in the case of the Profit and Loss Account, of the PROFIT of the Company for the year ended on that date and

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

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

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

V.C. KRISHNAN
Partner
Membership No.: 022167

Place: Chennai
Date : 24th May 2011

Annexure to the Auditors' Report

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

(b) The Company has a programme 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 explanation 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.

(ii) (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 according to the information and explanations given to us and on the basis of our examination, the Company is maintaining proper records of inventory. Further in our opinion and according to the information and explanations given to us no material discrepancies were noticed between the physical stocks verified and book records.

(iii) In respect of loans, secured or unsecured, granted to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(a) The company has given unsecured loan to its subsidiary on various terms and conditions. In respect of the said loan the year end balance is Rs. 234 million.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions given by the company are prima facie not prejudicial to the interest of the company.

(c) In our opinion and according to the information and explanations given to us, the Company is regular in receipt of interest as per the terms and conditions. With respect to the principal we have been informed that the subsidiary company will start repaying as and when the subsidiary makes positive cash flows.

(d) In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the company to recover the principal and interest where the amount overdue is more than rupees one lakh.

(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence sub clauses (e), (f) and (g) of clause (iii) of the Order are not applicable to the Company.

(iv) 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 a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, medicines and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal control system.

(v) (a) In our opinion, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanation 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.

(vi) 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.

(vii) 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.

(viii) 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.

(ix) (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 31st March 2011 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	(Rs.in million) 31-03-2011	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax	Sales tax	1.65	Assessment Years 2002-03, 2003-04, 2004-05, 2010-11	@ Appellate Tribunal Hyderabad
Customs Act, 1962	Customs duty	99.70	1996, 1997	# Assistant Collector of Customs (Chennai & Hyderabad)
Value Added Tax Act, 2004	Value Added Tax	2.27	2008-09, 2009-10, 2010-11	##Deputy Commissioner of Commercial Tax (Enforcement), Mysore
Income Tax Act, 1961	Income Tax	10.34	Assessment Year 2002-03	Income Tax Appellate Tribunal (ITAT) has reverted the case back to the Assessing Officer
		193.44	Assessment Years 1997-1998, 2001-2002, 2004-05, 2006-2007, 2007-2008	Department has gone on appeal to ITAT
		6.89	1999-2000	Department has filed appeal before Madras High Court
		37.03	2008-2009	CIT (Appeals)
		136.76	Assessment Year 2000-2001	Honorable Supreme Court
TOTAL		**488.08**		

@ Refer Clause (3) (i) Schedule (J) - Notes forming part of Accounts
# Refer Clause (3) (g) Schedule (J) - Notes forming part of Accounts
Refer Clause (3) (c) Schedule (J) - Notes forming part of Accounts

(x) In our opinion and according to the information and explanations given to us, the Company has no accumulated losses as at 31st March 2011. The Company has also not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) 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.

(xii) 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.

(xiii) 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, as amended by the Companies (Auditor's Report) (Amendment) Order , 2004 is not applicable to the Company.

(xiv) 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.

(xv) 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, from banks and financial institutions, the terms and conditions whereof are not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company has availed term loans and a portion of these loans have been applied for the purpose for which the loans have been obtained pending utilization of the term loans for the stated purpose, the funds have been temporarily invested in mutual funds and short term deposits.

(xvii) 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.

(xviii) The Company has issued and allotted 1.54 million equity warrants convertible into equity shares nominal value of Rs. 10/- each at premium of Rs 761.76 per share on 12th June 2010 to a Promoter covered in the register maintained under section 301 of the Companies Act,1956. The issue price is at minimum price of Rs 771.76 fixed in accordance with the guidelines for preferential issues of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations 2009 .Accordingly the party has paid 25% of the consideration @ 771.76 per warrant on the date of allotment. The balance 75% is payable on the exercise of option for conversion within 18 months from date of allotment. Consequent to the splitting of one equity share of Rs.10/- into two equity shares of Rs.5/- each the warrants outstanding as on 31st March 2011 is 3.08 million.

The Company has issued and allotted 3.27 million equity warrants convertible into equity shares nominal value of Rs. 5/- each at premium of Rs 467.46 per share on 5th February 2011 to a Promoter covered in the register maintained under section 301 of the Companies Act, 1956. The issue price is at minimum price of Rs 472.46 fixed in accordance with the guidelines for preferential issues of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009. Accordingly the party has paid 25% of the consideration @ 472.46 per warrant on the date of allotment. The balance 75% is payable on the exercise of option for conversion within 18 months from date of allotment.

(xix) The Company has issued 10.30% Secured Redeemable Non-Convertible debentures to Life Insurance Corporation of India (LIC) during the year on which a pari-passu first charge on all fixed assets of the Company has been created.

(xx) During the year the management has not raised money through public issue and hence we offer no comments on the same.

(xxi) 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.

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

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

Place: Chennai
Date : 24th May 2011

V.C. KRISHNAN
Partner
Membership No.: 022167

Balance Sheet

as at 31st March 2011

(Rs. in million)

	Schedule	31.03.2011		31.03.2010	
I. SOURCES OF FUNDS					
(1)Shareholders' Funds					
(a)Share capital	A	623.55		617.85	
(b)Preferential issue of equity share warrants		685.07		-	
(Refer clause 12 of Schedule (J))					
(c)Reserves & Surplus	B	16,413.03	17,721.65	14,799.93	15,417.78
(2)Loan Funds					
(a)Secured Loans	C	5,496.07		4,714.30	
(b)Unsecured Loans	D	1,914.04	7,410.11	2,185.57	6,899.87
(3)Deferred Tax Liability *			1,071.06		751.46
*Refer Clause 18 of Schedule (J)					
Total			**26,202.82**		**23,069.11**
II.APPLICATION OF FUNDS					
(1)Fixed Assets	F				
(a)Gross Block		14,444.95		12,555.11	
(b)Less : Depreciation		3,987.44		3,314.74	
(c)Net Block		10,457.51		9,240.37	
(d)Capital Work in progress		3,523.96		2,734.12	
			13,981.47		11,974.49
(2)Investments	G		6,241.12		4,897.88
(3)Current Assets, Loans & Advances	H				
(a)Inventories		1,505.21		1,343.44	
(b)Sundry Debtors		2,696.43		2,055.34	
(c)Cash and bank balances		1,413.76		2,855.58	
(d)Loans & Advances		5,714.98		5,170.72	
		11,330.38		11,425.08	
Less : Current Liabilities & Provisions	E				
(a)Liabilities		2,658.07		2,629.84	
(b)Provisions		2,692.08		2,598.62	
		5,350.15		5,228.46	
Net Current Assets			5,980.23		6,196.62
(4) Miscellaneous Expenditure	I		-		0.12
(to the extent not written off or adjusted)					
Total			**26,202.82**		**23,069.11**

Schedules 'A' to 'I' and notes in Schedule 'J' form part of this Balance Sheet

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

S M Krishnan
General Manager - Project Finance
& Company Secretary

Preetha Reddy
Managing Director

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

Suneeta Reddy
Executive Director - Finance

Place: Chennai
Date: 24th May 2011

Profit and Loss Account

for the year ended
31st March 2011

(Rs. in million)

	Schedule	31.03.2011	31.03.2010
Income			
(a) Income from Health-care Services		23,319.62	18,257.79
(b) Other income	I	213.70	329.66
Total		23,533.32	18,587.45
Expenditure			
(a) Operative expenses	II	12,788.04	9,944.64
(b) Payments to and provisions for employees	III	3,572.00	2,863.81
(c) Administration and other expenses	IV	3,186.86	2,633.37
(d) Financial expenses	V	587.32	377.47
(e)Preliminary & Other Expenses Incl.Public Issue		-	0.18
(f)Deferred Revenue Expenditure (Refer clause 37 of Schedule J)		3.28	3.27
Total		**20,137.50**	**15,822.74**
Profit Before Depreciation & Tax		3,395.82	2,764.72
Less : Depreciation		702.58	543.06
Profit Before Tax		2,693.24	2,221.65
Less : Provision for Taxation		570.00	577.12
Add : Excess Provision of earlier years written back		13.55	-
Less : Deferred Tax		319.61	124.89
Profit After Tax		1,817.18	1,519.64
Surplus in Profit & Loss Account brought forward		1,474.07	1,208.76
Amount Available for Appropriations		3,291.25	2,728.40
Dividend		467.67	432.49
Dividend tax payable		75.86	71.83
Transfer to Debenture Redemption reserve		100.00	-
Transfer to General Reserve		1,000.00	750.00
Balance of Profit in Profit & Loss Account		1,647.72	1,474.07
Total		**3,291.25**	**2,728.40**
Earnings Per Share (Refer clause 30 of Schedule (J))			
Basic Earnings Per Share of face value Rs.5/- (2009-10: Rs.5/-) each		14.66	12.31
Diluted Earnings Per Share of face value Rs.5/-(2009-10: Rs.5/-) each		14.24	12.26

Schedules 'I' to 'V' and notes in Schedule 'J' form part of this Profit and Loss Account

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
General Manager - Project Finance
& Company Secretary

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director - Finance

Place: Chennai
Date: 24th May 2011

Schedules to Balance Sheet

(Rs. in million)

	31.03.2011		31.03.2010	
SCHEDULE (A)				
Share Capital				
Authorised				
200,000,000 Equity Shares of Rs. 5/- each (2009-10 : 150,000,000 Equity Shares of Rs.5/- each)	1,000.00		750.00	
1,000,000 Preference Shares of Rs.100/- each (2009-10 : 1,000,000 Preference Shares of Rs. 100/-each)	100.00	1,100.00	100.00	850.00
Issued				
a) 125,243,728 Equity Shares of Rs. 5/-each (2009-10 : 124,102,736 equity shares of Rs.5/- each)		626.22		620.51
Subscribed and Paid up *				
b) 124,710,710 Equity Shares of Rs. 5/- each fully paid up(2009-10 : 123,569,718 Equity Shares of Rs.5/- each fully paid up)		623.55		617.85

*(a) Includes 1,836,596 Equity shares of Rs. 5/- each fully paid up allotted on conversion of first 2 years interest on debentures, 20% on the face value of debentures and 41,624,462 Equity shares of Rs. 5/- each fully paid up allotted to the shareholders of amalgamated companies for consideration other than cash

(b) Includes 4,159,860 Equity shares of Rs. 5/- each fully paid up allotted on preferential basis during the year 2004-05

(c) Includes 3,062,800(2009:10 9,326,000)underlying Equity shares of Rs. 5/- each fully paid up, representing Global Depository Receipts issued during the year 2005-06 (Refer Clause 13 of Schedule ('J')

(d) Includes 2,079,930 Equity shares of Rs. 5/- each fully paid up allotted during the year 2006-07 on conversion of Equity share warrants issued on preferential basis during the year 2005-06

(e) Includes 14,094,238 Equity shares of Rs. 5/- each fully paid up were allotted to Apax Mauritius FDI One Limited during the year 2007 - 08 on preferential basis

(f) Includes 3,100,000 Equity shares of Rs. 5 /-each fully paid up allotted during the year 2008-09 on conversion of Equity share warrants issued on preferential basis during the year 2006-07

(g) Includes 3,098,314 Equity shares of Rs. 5 /-each fully paid up allotted during the year 2009-10 on conversion of Equity share warrants issued on preferential basis during the year 2007-08

(h) Includes 1,140,992 Equity shares of Rs. 5 /-each fully paid up allotted during the year 2010-11 on conversion of FCCBs amounting US $ 7,500,000 issued to International Finance Corporation (IFC), Washington.

Equity shares of face value of Rs. 10/- each subdivided into 2 shares of Rs. 5/- each on 3rd September 2010. The number of equity shares allotted prior to 3rd September 2010 are adjusted to face value of Rs. 5/- per share.

(Rs. in million)

	31.03.2011		31.03.2010	
SCHEDULE (B)				
Reserves & Surplus				
A. Capital Reserve				
(1)Capital Reserve		17.85		17.85
(2) Profit on forfeited shares		0.41		0.41
B. Capital Redemption Reserve		60.02		60.02
C. Securities Premium Account				
Balance as per last Balance sheet	10,490.73		9,735.22	
Add : Premium received during the year#	339.45		-	
Add : Premium received from Promoters' issue	-	10,830.18	755.51	10,490.73
D. General Reserve				
Balance as per last balance sheet	2,749.03		1,999.03	
Add: Transfer during the year	1,000.00		750.00	
		3,749.03		2,749.03
E. Other Reserves				
Investment Allowance Reserve		7.63		7.63
Foreign Exchange Fluctuation Reserve		0.19		0.19
Debenture Redemption Reserve		100.00		-
Profit & Loss Account		1,647.72		1,474.07
Total		**16,413.03**		**14,799.93**
# Refer Clause 8 of Schedule 'J'				
SCHEDULE (C)				
Secured Loans				
A Non-convertible Debentures				
i)10.3% Debentures		1,000.00		-
B Loans and Advances from Banks				-
i) Cash credit		12.26		
ii) Indian Bank	609.52		952.38	
iii) Bank of India	761.90		904.76	
iv) Canara Bank	1,503.60	2,875.02	2,160.00	4,017.14
C Other Loans & Advances				
IFC Loan (External Commercial Borrowings)		1,608.79		697.16
Total		**5,496.07**		**4,714.30**
Refer clause 7 of Schedule J for details and security. Amount repayable within 1 year Rs. 642.12 million (Previous year Rs. 642.12 million) excluding Cash Credit.				
SCHEDULE (D)				
Unsecured Loans				
i) Fixed Deposits		579.16		507.52
ii) Short Term Loans and Advances				
HDFC		1,000.00		1,000.00
iii) Other Loans and Advances				
Foreign Currency Convertible Bonds		334.88		678.05
Total		**1,914.04**		**2,185.57**

(Rs. in million)

	31.03.2011		31.03.2010	
SCHEDULE (E)				
Current Liabilities & Provisions				
A) Current Liabilities				
(1) Acceptances		358.40		302.35
(2) Sundry Creditors *				
i) Total outstanding dues of micro enterprises and small enterprises	48.76		153.26	
ii)Total outstanding dues of creditors other than micro enterprises and small enterprises	1635.48		1627.81	
a) For Goods	1,109.04		968.24	
b) For Expenses	201.13		448.71	
c) For Capital Goods	125.43		171.90	
d) For Others	248.63	1,684.24	192.21	1,781.07
(3) Advances				
a) Inpatient deposits	100.99		97.79	
b) Rent	48.68		35.26	
c) Others	1.59	151.26	13.60	146.66
(4) Investor Education and Production Fund shall be credited by the following (Not due)				
a) Unclaimed Dividend		18.28		16.36
b) Unclaimed Deposits		-		3.15
(5) Other Liabilities				
a) Tax Deducted at source	86.51		77.73	
b) Retention money on capital contracts	0.96		1.38	
c) Outstanding expenses	291.91	379.38	254.16	333.27
(6) Interest accrued but not due		66.51		46.98
		2,658.07		2,629.84
B) Provisions				
(7) For Taxation	2,083.90		2,050.95	
(8) For Dividend				
i) Equity shares	467.67		432.49	
(9) Bonus	140.51		115.18	
		2,692.08		2,598.62
Total of Current Liabilities & Provisions		**5,350.15**		**5,228.46**

* Refer Clause 35 of Schedule (J)

SCHEDULE(F)
Fixed Assets

(Rs. in million)

Sl No	Name of the Assets	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NETBLOCK	
		As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the year Additions	For the year Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Tangible Assets										
1	Land	1,082.00	9.58	-	1,091.57	-	-	-	-	1,091.57	1,082.00
2	Buildings	2,568.84	382.92	13.37	2,938.40	261.19	38.60	0.22	299.57	2,638.83	2,307.65
3	Leasehold Building *	363.25	77.91	105.23	335.93	70.99	44.25	0.98	114.25	221.68	292.27
4	Medical Equipment & Surgical Insturments	5,057.24	904.15	39.75	5,921.63	1,845.24	349.62	16.52	2,178.34	3,743.30	3,212.00
5	Electrical Installations & Generators	875.12	139.37	4.76	1,009.73	257.10	36.82	2.86	291.06	718.67	618.01
6	Airconditioning Plant & Airconditioners	347.28	94.08	6.98	434.37	92.06	26.40	0.44	118.02	316.35	255.22
7	Office Equipment	660.53	134.90	3.67	791.76	303.82	83.08	1.06	385.84	405.92	356.71
8	Furniture & Fixtures	1,269.29	247.66	39.73	1,477.22	355.96	93.05	4.22	444.79	1,032.43	913.33
9	Fire Fighting Equipment	32.73	1.27	-	34.00	4.76	0.81	-	5.58	28.42	27.97
10	Boilers	1.87	-	-	1.87	1.00	-	-	1.00	0.87	0.87
11	Kitchen Equipment	26.04	6.31	-	32.35	8.56	0.21	-	8.77	23.58	17.47
12	Refrigerators	27.80	3.33	0.31	30.82	6.09	0.94	0.06	6.97	23.85	21.71
13	Vehicles	215.65	90.16	8.07	297.73	82.18	20.94	3.53	99.59	198.15	133.47
14	Wind Electric Generator	26.85	-	-	26.85	25.57	1.28	-	26.85	-	1.28
	Intangible Assets										
15	Computer Software	0.63	20.09	-	20.72	0.22	6.59	-	6.81	13.90	0.41
	Total	**12,555.11**	**2,111.71**	**221.87**	**14,444.95**	**3,314.74**	**702.58**	**29.88**	**3,987.44**	**10,457.51**	**9,240.37**
	Previous year	**9,406.67**	**3,220.39**	**71.95**	**12,555.11**	**2,779.92**	**543.06**	**8.24**	**3,314.74**	**9,240.37**	
	Capital work-in-Progress (Includes capital advances) * *									3,523.96	2,734.12
	Capital Work-in-Progress (Previous year)									2,734.12	

* Refer clause 1 (D) (v) in Schedule ‘J’

* * Refer clause 1 (F) (b) in Schedule ‘J’

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
SCHEDULE (G)					
Investments					
Investment in Government Securities					
Current Investments(lower of cost and market value)					
A) Unquoted					
National Savings Certificate			0.29		0.29
Trade Investments					
LongTerm Investments (at cost)					
A) Unquoted					
In fully paid up Preference Share Capital					
Zero % Non Cumulative Redeemable Preference Shares of Apollo Hospitals International Limited	100	1,104,000	110.40	1,104,000	110.40
A) Quoted					
In fully paid up Equity Share Capital					
Associates					
Indarprastha Medical Corporation Limited Market Value as on 31.03.2011 Rs. 34.15 per share (282,500 Equity shares purchased during the year)	10	19,306,041	359.64	19,023,541	347.22
B) Unquoted					
I) Subsidiaries					
i) Unique Home Health Care Limited	10	29,823,012	297.40	29,823,012	297.40
ii) AB Medical Centres Limited	1,000	16,800	21.80	16,800	21.80
iii) Samudra Health Care Enterprises Limited (3,612,066 Equity shares purchased during the year)	10	12,500,000	250.60	8,887,934	101.10
iv) Imperial Hospitals & Research Centre Ltd	10	15,271,000	351.71	15,271,000	351.71
v) Apollo Hospitals (U K) ltd	1£	5,000	0.39	5,000	0.39
vi) Pinakini Hospitals Limited	10	855,228	13.96	855,228	13.96
vii) Apollo Cosmetic Surgical Centre Private Limited	10	1,500,000	15.00	1,500,000	15.00
viii) Alliance Medicorp (India) Ltd (5,661,000 Equity shares purchased during the year)	10	5,661,000	56.61		-
II) Joint Ventures					
i) Apollo Hospitals International Limited	10	3,752,050	214.54	3,752,050	214.54
ii) Apollo Gleneagles Hospitals Limited	10	54,675,697	393.12	54,675,697	393.12
iii)*Apollo Gleneagles Hospitals PET CT Private Limited	10	8,500,000	85.00	8,500,000	85.00
iv) Western Hospital Corporation Limited	10	7,200,000	72.00	7,200,000	72.00
v) Qunitiles Phase One Clinical Trials India Pvt Ltd (60,000 shares purchased during the year)	1,000	100,800	100.80	40,800	40.80
	C/f		**2,343.26**		**2,064.73**

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
	B/f		2,343.26		2,064.73
vi) Apollo Lavasa Health Corporation Limited (352941 shares purchased during the year)	10	402,941	110.00	50,000	50.00
III) Associates					
Stemcyte India Therapautics Private Limited	1	88,303	50.00	88,303	50.00
IV) Long term - Others					
i) British American Hospitals Enterprise Ltd	100MUR	1,393,079	203.82	1,393,079	203.82
ii) Kurnool Hospitals Enterprises Limited	10	157,500	1.73	157,500	1.73
iii) Future Parking Private Limited	10	4,900	0.05	-	-
iv) Health Super Hiway Private Limited (200 shares purchased during the year)	10	200	0.00	-	-
v) Health Super Hiway Private Limited Preference shares (406,514 shares purchased during the year)	54.10	406,514	22.00	-	-
Non Trade Investments					
LongTerm Investments (at cost)					
i) Unquoted					
Debentures					
* *Debentures of Apollo Health Street Limited (Optionally Redeemable Convertible Debentures)	160	3,682,725	589.24	3,682,725	589.24
Subsidiaries					
Apollo Health & Lifestyle Limited	10	7,419,800	236.02	6,451,700	64.52
(968,100 shares purchased during the year)					
Joint Ventures					
## Apollo Munich Health Insurance Company Limited	10	21,600,000	216.00	21,600,000	216.00
Associates					
i) Family Health Plan Limited	10	490,000	4.90	490,000	4.90
ii) * * Apollo Health Street Limited	10	11,181,360	1,231.85	11,181,360	1,231.85
Unquoted					
Current Investment - Others					
Mutual Fund					
Reliance Monthly Interval Fund Series II Institutional dividend plan (14,006,385 units purchased during the year)	10	14,006,385	140.13	-	
Canara Robeco Floating Rate Short term Growth Fund (13,179,311 units purchased during the year)	10	13,179,311	200.00	-	
HDFC FMP 100D March 2011 (2) Dividend Series XVII (18,000,000 units purchased during the year.	10	18,000,000	180.00	-	-
HDFC Quarterly Interval Fund - Plan C (8,995,233 units purchased during the year)	10	8,995,233	90.00	-	-
HDFC FMP 35D March 2011 (2) (12,000,000 units sold during the year)	10	12,000,000	120.00	-	-
	C/f		5,739.00		4,476.79

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
	B/f		**5,739.00**		**4,476.79**
DSP BlackRock Money Manager Fund - Institutional Plan - Daily Dividend (199,840 units purchased during the year, 1746 units cumulated during the year and 49,960 units sold during the year)	1,000	151,626	151.75	-	-
Kotak Liquid (Institutional Premium) -Daily Dividend Plan (16,355,770 units purchased during the year. 1,508 units cumulated during the year. 16,357,279 units sold during the year)	10	-	-	-	-
Kotak Flexi Debt Scheme Institutional -Daily Dividend (19,907,285 units purchased during the year 54,906 units cumulatecd during the year 19,962,191 units sold during the year)	10	-	-	-	-
Reliance Liquidity Fund- Daily Dividend Reinvestment Option (19,989,805 units purchased during the year. 1,868 units cumulated during the year. 19,991,673 units sold during the year)	10	-	-	-	-
Reliance Money Management Fund Institutional Option-Daily Dividend plan 199,744 units purchased during the year. 2,086 units cumulated during the year. 201,831 units sold during the year) 199,744 units purchased during the year. 2,086 units cumulated during the year. 201,831 units sold during the year)	1,000			-	-
Reliance Liquid Fund Cash plan daily dividend option (12,565,632 units purchased during the year. 12,017 units cumulated during the year. 12,577,650 units sold during the year)	10	-	-	-	-
HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment Option (47,008,386 units purchased during the year. 5,126 units cumulated during the year. 47,013,513 units sold during the year)	10	-	-	-	-
HDFC Cash Management Fund-Treasury Advantage Plan 36,885,877 units purchased during the year. 323,282 units cumulated during the year. 37,209,160 sold during the year)	10	-	-	-	-
	C/f		**5,890.75**		**4,476.79**

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Total Rs.million
	B/f		5,890.75		4,476.79
HDFC Short term Opportunities Fund Dividend Payout Option (30,003,384 units purchased during the year.30,003,384 units sold during the year)	10	-	-	-	-
HDFC Floating Rate Income fund Short term Plan (82,581,912 units purchased during the year. 40,075,201 units cumulated during the year. 122,657,114 units sold during the year)	10	-	-	-	-
AIG Treasury Fund Super Institutional Plan-Daily Dividend Reinvestment Option (19,978,024 units purchased during the year. 270,151 units cumulated during the year. 20,248,175 units sold during the year)	10	-	-	-	-
Canara Robeco InDigo quarterly dividend fund (10,000,000 units purchased during the year. 10,000,000 units sold during the year)	10	-	-	-	-
ICICI Prudential Liquid Plan - Super Institutional- Daily Dividend Reinvestment Option (1,999,558 units purchased during the year. 217 units cumulated during the year.1,999,775 units sold during the year)	100	-	-	-	-
ICICI Prudential Flexible Income Plan Premium- Daily Dividend Reinvestment Option (1,891,727 units purchased during the year. 17,144 units cumulated during the year 1,908,871 units sold during the year)	100	-	-	-	-
4. Advance for Investments in shares for various projects under construction			350.37		421.09
Total Investments			**6,241.12**		**4,897.88**

Formerly Imperial Cancer Hospitals and Research Centre Limited

Formerly Apollo DKV Insurance Company Limited

* Formerly Apollo Gleneagles PET CT Limited

* * Formerly Apollo Health Street Private Limited

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Total Rs.million
Aggregate amount of Quoted Investments					
Market Value Rs.659.30 million					
(31.03.2010 Rs. 5,328.40 million)			359.64		347.22
Aggregate amount of Unquoted Investment			5,531.11		4,129.57
Advance for Investments in shares			350.37		421.09
Total			**6,241.12**		**4,897.88**
Dividend from Long Term Investment			30.79		25.81
Dividend from Current Investment			18.57		94.34
Profit/(Loss) on disposal of Current Investment			(1.63)		61.66
(Profit on sale of Current InvestmentRs. 0.03 million					
Loss on sale of Current Investment Rs. 1.66 million)					

(Rs. in million)

	31.03.2011		31.03.2010	
SCHEDULE (H)				
Current Assets, Loans & Advances				
A. Current Assets				
(1) Inventories (at cost)**				
i) Medicines	1,231.57		1,059.83	
ii) Stores, spares	49.36		60.93	
iii) Lab Materials	24.72		23.95	
iv) Surgical Instruments	127.26		125.45	
v) Other Consumables	72.30	1,505.21	73.28	1,343.44
(As taken, certified, and valued by management)				
**Refer clause 1(B) of Schedule 'J'				
(2) Sundry Debtors				
Refer clause 22 of Schedule 'J'				
a) Debtors Outstanding for a period exceeding six months	915.31		417.86	
Less : Provision for Bad debts	24.95	890.36	13.49	404.38
b) Other Debts		1,806.07		1,650.96
(3) Cash and Bank Balances				
a) Cash Balance on hand	47.39		33.29	
b) Bank Balance				
(i) With scheduled banks				
(a) Current Account	969.45		1,715.51	
(b) On Deposit Account	396.92	1,413.76	1,106.78	2,855.58
Refer clause 7 g in schedule 'J'				
B. Loans and Advances				
(4) Loans				
i) To Subsidiary				
a)Imperial Hospital & Research Centre Ltd		234.00		214.00
C/f		5,849.40		6,468.36

(Rs. in million)

	31.03.2011		31.03.2010	
B/f		5,849.40		6,468.36
(5) Advances				
Subsidiaries				
a) Unique Home Health Care Limited	-		0.05	
b) Imperial Hospital & Research Centre Ltd	62.80		35.99	
c) A B Medical center Limited	-		1.47	
d) Samudra Health Care Enterprises Ltd	28.89		14.72	
e) Apollo Hospitals (U K) Limited)	0.86		0.32	
f) Pinakini Hospitals Limited	25.18		9.66	
g) Apollo Health & Lifestyle Limited	4.47		0.97	
h) Apollo Cosmetic Surgical centre pvt ltd	4.69		-	
i) Alliance Dental Care Private Limited	6.60		1.58	
Others				
a) For capital items	175.92		202.37	
b) To suppliers	380.94		124.32	
c) Other advances	1,362.59		1,336.36	
d) Staff advances	33.61	2,086.56	37.97	1,765.78
(6) Advance tax		1,579.28		1,750.64
(7) Deposits				
a) With Government	56.38		50.54	
b) With others	652.52	708.90	580.16	630.70
(8) Prepaid Expenses		79.70		64.03
(9) Rent Receivables		2.48		4.33
(10) Service Charges Receivables		-		2.83
(11) Tax Deducted at Source		919.48		689.52
(12) Interest Receivable		93.48		40.18
(13) Franchise Fees Receivable		11.10		6.57
(14) Royalty Receivable		-		2.14
Total of Current Assets, Loans & Advances (A + B)		**11,330.38**		**11,425.08**

SCHEDULE (I)

	31.03.2011	31.03.2010
Miscellaneous Expenditure		
[To the extent not written off or adjusted)		
(a) Deferred Revenue Expenditure	-	0.12
Total	**Nil**	**0.12**

Schedules to Profit & Loss Account

(Rs. in million)

		31.03.2011		31.03.2010
SCHEDULE - (I)				
Other Income				
(a) Interest earned (TDS Rs.11.08 million: 2009-10 Rs.11.55 million)		110.89		115.47
(b) Dividend				
(i) From Current Investment		18.57		94.34
(ii) From Long Term Investment		30.79		25.81
(c) Income from Treasury operations		11.77		31.35
(d) Profit on sale of Investment		0.03		62.09
Current Investment				
(e) Profit on Sale of Asset		0.13		0.60
(f) Foreign Exchange Gain		41.52		-
Total		**213.70**		**329.66**
SCHEDULE - (II)				
Operative Expenses				
Materials Consumed				
(a) Opening stock	1,343.44		1,065.57	
ADD :				
Purchases	12,425.33		9,763.52	
Customs Duty	0.31		1.39	
Freight Charges	11.85		17.32	
	13,780.93		10,847.81	
LESS: Closing stock	1,505.21	12,275.73	1,343.44	9,504.37
(b) Power & Fuel		378.60		302.29
(c) House Keeping Expenses		88.93		99.30
(d) Water charges		44.79		38.68
Total		**12,788.04**		**9,944.64**
SCHEDULE - (III)				
Payments to and Provisions for Employees				
(a) Salaries & Wages		2,992.83		2,376.73
(b) Contribution to Provident Fund		149.44		132.29
(c) Employee State Insurance		20.11		16.22
(d) Employee Benefits		79.56		57.56
(e) Staff Welfare expenses		177.33		155.47
(f) Staff Education & Training		12.22		10.37
(g) Bonus		140.51		115.18
Total		**3,572.00**		**2,863.81**

(Rs. in million)

	31.03.2011		31.03.2010	
SCHEDULE - (IV)				
Adminstrative & Other Expenses				
(a) Rent		834.53		703.41
(b) Rates & Taxes		53.12		49.56
(c) Printing & Stationery		149.71		159.43
(d) Postage & Telegram		24.55		23.30
(e) Insurance		31.17		28.86
(f) Directors Sitting Fees		2.06		1.64
(g) Advertisement, Publicity & Marketing		379.15		236.55
(h) Travelling & Conveyance		208.79		165.11
(i) Subscriptions		9.08		7.95
(j) Security Charges		65.43		49.66
(k) Legal & Professional Fees		222.58		149.49
(l) Continuing Medical Education & Hospitality Expenses		9.24		11.22
(m) Hiring Charges		36.42		27.57
(n) Seminar Expenses		4.19		2.33
(o) Telephone Expenses		73.95		67.59
(p) Books & Periodicals		7.35		6.93
(q) Miscellaneous Expenses		71.81		69.06
(r) Bad Debts Written off		54.75		82.46
(s) Donations		13.62		4.05
(t) Provision for Bad Debts		14.24		7.89
(u) Repairs & Maintenance				
i) Equipment	198.15		199.76	
ii) Building	114.25		125.94	
iii) Vehicles	28.18		18.23	
iv) Office maintenance & others	162.48	503.07	106.82	450.75
(v) Loss on Sale of Assets		31.59		20.09
(w) Royalty Paid		1.26		1.56
(x) Outsourcing Expenses		383.55		306.49
(y) Loss on Sale of Current Investment		1.66		0.43
Total		**3,186.86**		**2,633.37**
SCHEDULE - (V)				
Financial Expenses				
(a) Interest on				
i) Fixed Loans	453.06		305.28	
ii) Fixed Deposits	51.14		29.79	
iii) Debentures	14.96	519.16	-	335.07
(b) Bank Charges		30.85		25.10
(c) Brokerage & Commission		1.43		2.26
(d) Foreign Exchange Loss		35.88		15.05
Total		**587.32**		**377.47**

Notes Forming Part of Accounts

Schedule (J)
Accounting Policies & 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 the FIFO method.

3. Surgical instruments, linen, crockery and cutlery are valued at cost and are subject to 1/3 write off wherever applicable applying the 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. (Also refer Note 10 in the Notes forming part of Accounts).

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 a 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 Rs.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 will be 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 Profit & Loss Account 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 as per the 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 2011.

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 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 Clause N in the Notes forming part of the 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 outstanding advances paid to acquire fixed assets 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 cost of assets on projects under implementation is included under Capital work- in –progress, pending allocation to the assets.

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

d. Interest on borrowings for acquisition of Fixed Assets and 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 Profit & Loss Account 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 10 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, are recognised in the Profit and Loss Account which is in accordance with Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", (Also refer Note 10 in the Notes forming part of Accounts).

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. All outstanding derivative instruments at close are marked to market by type of risk and the resultant profits/losses relating to the year, if any, are recognised in the Profit and Loss Account. (Also refer Note 21 in the Notes forming part of Accounts).

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 the carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account.

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

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 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 Profit and Loss Account for the period in which they occur.

a. Gratuity

The Company makes annual contribution 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 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.

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 assets. As per Accounting Standard 16 'Borrowing costs', a qualifying asset is one that takes a 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:

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 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. 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 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.

N. 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 Profit and Loss Account 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.

O. 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
Up to 1 year	0%
1-2 years	25%
2-3 years	50%
Over 3 years	100%

P. Miscellaneous Expenditure

Preliminary, Public Issue, Rights Issue Expenses and Expenses on Private Placement of shares are amortised over a period of 10 years.

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.

R. Provisions, 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.

2. 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	Unique Home Health Care Limited	Subsidiary Companies (control exists)
2	AB Medical Centres Limited	
3	Samudra Healthcare Enterprises Limited	
4	Apollo Hospital (UK) Limited	
5	Apollo Health and Lifestyle Limited	
6	Imperial Hospital and Research Centre Limited	
7	Pinakini Hospitals Limited	
8	Apollo Cosmetic Surgical Centre Private Limited	
9	Alliance Medicorp (India) Limited	
10	ISIS Healthcare India Private Limited	
11	Mera Healthcare Private Limited	
12	Alliance Dental Care Private Limited	
13	Apollo Hospitals International Limited	Joint Ventures
14	Apollo Gleneagles Hospitals Limited	
15	Apollo Gleneagles PET-CT Private Limited	
16	Western Hospitals Corporation Pvt. Limited	
17	Apollo Munich Health Insurance Company Limited	
18	Apollo Lavasa Health Corporation Limited	
19	Quintiles Phase One Clinical Trials India Private Limited	
20	Family Health Plan Limited	Associates
21	Apollo Health Street Limited	
22	Indraprastha Medical Corporation Limited	
23	Stemcyte India Therapautics Private Limited	
24	Dr. Prathap C Reddy	Key Management Personnel
25	Smt. Preetha Reddy	
26	Smt. Suneeta Reddy	
27	Smt. Sangita Reddy	
28	Smt. Shobana Kamineni	
29	PCR Investments Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
30	Indian Hospitals Corporation Limited	
31	Apollo Sindoori Hotels Limited	
32	PPN Power Generating Company Private Limited	

33	Health Super Hiway Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
34	Faber Sindoori Management Services Private Limited	
35	Ashok Birla Apollo Hospitals Private Limited	
36	Apollo Mumbai Hospital Limited	
37	Lifetime Wellness Rx International Limited	
38	Apollo Clinical Excellence Solutions Limited	
39	PPN Holding Private Limited	
40	Preetha Investments Private Limited	
41	PPN Power Generation (Unit II) Private Limited	
42	PDR Investments Private Limited	
43	TRAC India Private Limited	
44	PPN Holdings (Alfa) Private Limited	
45	Aircel Limited	
46	Aircel Cellular Limited	
47	Dishnet Wireless Limited	
48	Apollo Infrastructure Project Finance Company Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
49	Vasumathi Spinning Mills Limited	
50	Kalpatharu Infrastructure Development Company Private Limited	
51	Sindya Power Generating Company Private Limited	
52	Sindya Holdings Private Limited	
53	Sindya Resources Pte.Ltd. Singapore	
54	Garuda Energy Private Ltd	
55	Deccan Digital Networks Private Limited	
56	Kalpatharu Enterprises Private Limited	
57	Sirkazhi Port Private Limited	
58	Sindya Builders Private Limited	
59	Tharani Energy India Private Limited	
60	Apollo Energy Company Ltd	
61	KAR Auto Private Limited	
62	Healthnet Global Ltd	
63	Sindya Infrastructure Development Company Private Limited	
64	Associated Electrical Agencies	
65	P. Obul Reddy & Sons	
66	Apex builders	
67	Apex Construction	
68	Kei Energy Private Limited	
69	Kamineni Builders Private Limited	
70	Primetime Recreations Private Limited	
71	Kiddy Concepts Private Limited	
72	Kei Vita Private Limited	
73	Kei Rajamahendri Resorts Private Limited	
74	KEI-RSOS Petroleum and Energy Private Limited	
75	KEI-RSOS Shipping Private Limited	
76	Peninsular Tankers Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
77	Kei Health Highway Private Limited	
78	Keimed Limited	
79	Medvarsity Online Limited	
80	Spectra Clinical Laboratory	
81	Kamineni Builders	
82	Universal Quality Services LLC	
83	Apollo Health Resources Limited	

(Rs.in million)

Sl No	Name of Related Parties	Nature of Transaction	31.03.2011	31.03.2010
1	Unique Home Health Care Limited	a) Investment in Equity	297.40	297.40
		b) Cumulative Deposits accepted	10.74	10.00
		c) Advance given	-	0.05
		d) Payables as at year end	-	0.25
		e) Interest payable	0.02	0.02
2	AB Medical Centers Limited	a) Investment in Equity	21.79	21.79
		b) Advance given	-	1.46
		c) Payables as at year end	11.65	5.38
		d) Lease Rentals paid	7.20	7.20
3	Samudra Healthcare Enterprises Limited	a) Investment in Equity	250.60	101.10
		b) Advance for Investment	-	149.50
		c) Advance given	28.89	14.72
		d) Reimbursement on account of Salaries	1.93	1.34
		e) Commission on Turnover	1.60	1.36
		f) Investigation Income	0.16	0.39
		g) Pharmacy income	71.36	51.70
4	Apollo Hospital (UK) Limited	a) Investment in Equity	0.39	0.39
		b) Advance Given	0.86	0.31
5	Apollo Health and Lifestyle Limited	a) Investment in Equity	236.01	64.17
		b) Receivables as at year end	12.54	-
		c) Payables as at year end	-	1.94
		d) Rent received	0.60	0.86
		e) Reimbursement of Expenses	4.65	0.57
		f) Fees	1.47	1.58
		g) Advance for Investment	146.50	50.00
		h) Advance Given	4.47	0.96
6	Imperial Hospital and Research Centre Limited	a) Investment in Equity	351.71	351.71
		b) Loan given	234.00	214.00
		c) Interest income for the year	21.01	-
		d) Advance given	62.79	35.99
		e) Receivables as at year end	260.09	135.81
		f) Investigation Income	0.08	0.02
		g) Reimbursement of Expenses	10.39	12.68
		h) Pharmacy income	271.28	234.07
		i) Operation Management Agreement Fees	9.16	52.72
7	Pinakini Hospitals Limited	a) Investment in Equity	13.95	13.95
		b) Advance for Investment	57.90	57.90
		c) Advance given	25.17	9.65
8	Apollo Cosmetic Surgical Centre Private Limited	a) Investment in Equity	15.00	15.00
		b) Advance for Investment in Apollo Cosmetic	10.00	-
		c) Advance given	4.69	-

9	Alliance Medicorp (India) Limited	a) Investment in Equity	56.61	-
		b) Payables as at year end	0.06	-
		c) Advance for Investment	-	50.00
10	Alliance Dental Care Private Limited	a) Advance given	6.60	1.58
11	Apollo Hospitals International Limited	a) Investment in Equity	214.53	214.53
		b) Investment in Preference Shares	110.40	110.40
		c) Advance for Investment	113.38	-
		d) Corporate Guarantees executed	207.50	207.50
		e) Advance given	7.33	-
		f) Receivables as at year end	0.37	9.28
12	Apollo Gleneagles Hospitals Limited	a) Investment in Equity	393.12	393.12
		b) Advance given	56.61	42.64
		c) Receivables as at year end	70.61	54.95
		d) Commission on Turnover	79.36	59.09
		e) Reimbursement of Expenses	4.69	0.66
		f) Fees	2.71	19.40
		g) Rent and Electricity Charges	-	0.15
		h) Pharmacy income	541.29	-
13	Apollo Gleneagles PET-CT Private Limited	a) Investment in Equity	85.00	85.00
		b) Advance given	1.49	0.96
		c) Payables as at year end	3.83	2.29
		d) Rent received	1.96	2.03
		e) Salaries	1.62	0.96
		f) Fees	-	1.11
		g) Reimbursement of Expenses	-	0.003
		h) Deposits refundable	25.58	26.92
		i) Pharmacy income	1.20	0.47
14	Western Hospitals Corporation Pvt. Limited	a) Investment in Equity	72.00	72.00
		b) Receivables as at year end	0.42	-
		c) Reimbursement of Expenses	10.12	-
		d) Advance Received	0.40	5.00
15	Apollo Munich Health Insurance Company Limited	a) Investment in Equity	216.00	216.00
		b) Payables as at year end	-	0.02
16	Apollo Lavasa Health Corporation Limited	a) Investment in Equity	110.00	50.00
		b) Advance for Investment in Lavasa	-	60.00
		c) Reimbursement of Expenses	7.01	3.80
		d) Receivables as at year end	0.03	-
17	Quintiles Phase One Clinical Trials India Private Limited	a) Investment in Equity	100.80	40.80
		b) Rent received	13.81	-
		c) Receivables as at year end	20.17	-
18	Family Health Plan Limited	a) Investment in Equity	4.90	4.90
		b) Receivables as at year end	13.76	1.46
		c) Other Transactions during the period	-	4.12
		d) Reimbursement of Expenses	-	3.16

19	Apollo Health Street Limited	a) Investment in Equity	1,231.85	1,231,.85
		b) Investment in Debentures	589.23	589.23
		c) Rent received	19.91	18.72
		d) Receivables as at year end	1.42	5.24
		e) Interest Receivable	61.88	-
20	Indraprastha Medical Corporation Limited	a) Investment in Equity	359.64	347.21
		b) Receivables as at year end	145.16	84.44
		c) Dividend Received	30.60	20.65
		d) Commission on Turnover	40.84	30.84
		e) License Fees	9.48	9.48
		f) Pharmacy income	1,052.01	926.10
21	Stemcyte India Therapautics Private Limited	a) Investment in Equity	50.00	50.00
22	Dr. Prathap C Reddy	a) Remuneration paid	137.12	109.44
23	Smt. Preetha Reddy	a) Remuneration paid	54.84	43.77
24	Smt. Suneeta Reddy	a) Remuneration paid	34.27	27.36
25	Smt. Sangita Reddy	a) Remuneration paid	13.71	10.94
26	Smt. Shobana Kamineni	a) Remuneration paid	13.71	1.82
27	Apollo Sindoori Hotels Limited	a) Payables as at year end	3.64	11.20
		b) Reimbursement of Expenses	6.96	-
		c) Transactions during the period	133.24	129.29
28	Health Super Hiway Private Limited	a) Advance for Investment	-	28.43
		b) Receivables as at year end	1.76	0.92
		c) Investment in Equity	21.99	-
29	Faber Sindoori Management Services Private Limited	a) Payables as at year end	4.33	12.18
		b) Receivables as at year end	2.37	-
		c) Transactions during the period	126.00	91.63
		d) Reimbursement of Expenses	0.90	-
30	Lifetime Wellness Rx International Limited	a) Payables as at year end	0.03	0.41
		b) Transactions during the period	4.90	1.82
31	P. Obul Reddy & Sons	a) Payables as at year end	2.20	0.17
		b) Transaction during the period	13.87	17.50
		c) Reimbursement of Expenses	0.11	-
32	Keimed Limited	a) Payables as at year end	0.76	47.78
		b) Purchases	2,635.08	1,648.30
		c) Pharmacy Income	0.31	14.66
33	Medvarsity Online Limited	a) Rent received	0.85	0.77
34	Apollo Health Resources Limited	a) Receivables as at year end	11.74	11.77
		b) Transaction during the period	0.30	-
35	Apollo Mumbai Hospital Limited	a) Receivables as at year end	6.23	6.12
		b) Reimbursement of Expenses	8.87	12.98
		c) Pharmacy income	3.12	2.43
36	Aircell Cellular Limited	a) Payables as at year end	0.88	0.20
		b) Transaction during the period	3.25	2.25
37	Dishnet Wireless Limited	a) Payables as at year end	-	0.05
		b) Transaction during the period	0.25	0.16

In case of other related parties, there are no transactions with the Company.

3. Contingent Liabilities

a. Claims against the Company not acknowledged as debts- Rs. 268.71 million (Rs. 242.24 million)

b. The Company has to pay a sum of Rs. 5.31 million by way of Redemption premium to International Finance Corporation (IFC), Washington as on 31st March 2011 if the FCCB conversion option is not exercised by IFC. On 9th December 2010, the Company converted FCCBs equivalent to US $ 7.5 million into 1.14 million equity shares of Rs. 5 each. For the balance US $ 7.5 million the Company has not received any conversion request from IFC, so the same has not been provided in the books and has been treated as a Contingent Liability (Also refer Note 8 in the Notes forming part of Accounts).

c. Demand raised by Deputy Commissioner of Commercial Taxes (Enforcement) for VAT payable on the sale of Food and Beverages to patients, against which the Company has preferred an appeal with the Joint Commissioner of Commercial Taxes(Appeals) Mysore is Rs. 2.27 million (Rs. 1.27 million)

d. The Company filed a Special Leave Petition on 6th May 2008 before the Honourable Supreme Court against the judgement of the Divisional Bench of the Madras High Court dated 10th March 2008 allowing the reopening of the assessment for Assessment Year 2000-01 and disallowing the claim for set off of unabsorbed depreciation. The Special Leave Petition has been admitted by the Honourable Supreme Court on 15th May 2008. The Assessment Officer completed the assessment and raised a demand of Rs. 136.76 million which has since been stayed by the Honourable Supreme Court in its order dated 16th June 2008. This amount has been treated as a contingent liability for the year ended 31st March 2011 until the disposal of the case by the Honourable Supreme Court.

e. Estimated amount of contracts remaining to be executed on capital account not provided for on account of the expansion cum diversification programme of the Company Rs. 7,601.47 million (Rs. 4,391.86 million).

f. Export obligation to be fulfilled in the next eight years on availing of concessional excise duty on imports under 3% EPCG Scheme to the extent of eight times the duty saved, amounts to Rs.1,114.96 million (Rs. 905.46 million). The amount of duty saved for the year ended 31st March 2011 was Rs. 16.01 million (Rs. 37.00 million).

g. The estimated customs duty guarantees given by the Company in favour of the Assistant Collector of Customs, pending receipt of customs duty exemption certificates amounts to Rs. 99.70 million (Rs. 99.70 million).

- This is subject to the result of writ petition pending in the Madras High Court with respect to the Chennai Hospital division Rs. 73.71 million (Rs. 73.71 million).
- Application has been made for duty exemption certificates by the erstwhile Indian Hospitals Corporation Limited (Pharmaceutical division), which is pending with the Government. The estimated customs duty is Rs. 14.83 million (Rs. 14.83 million).
- The Company has executed bonds in favour of the President of India to the extent of Rs. 11.16 million (Rs. 11.16 million) pending its application for receipt of customs duty exemption certificates from the Government.

h. Letters of credit opened by various banks in favour of foreign suppliers for consumables, spares, medicines and medical equipments amounts to Rs. 120.69 million (Rs. 135.28 million).

a. Bank Guarantees as on 31.03.2011 is Rs.146.39 million (Rs.151.51 million).

b.Corporate Guarantees

(Rs. in million)

On Behalf of	In favour of	As at 31.03.2011	As at 31.03.2010
Apollo Hospitals International Limited	IDBI	50.00	50.00
	IDFC	157.50	157.50
TOTAL		207.50	207.50

i. Additional liability for payment of sales tax on work orders pursuant to court proceedings between contractors and the State governments amounts to Rs. 0.20 million (Rs.0.20 million).

In respect of the claim for sales tax made by the Commercial Tax Department for Rs. 1.65 million (Rs. 1.01 million) for the various assessment years, the matter is under contest.

4. The Company has pledged its 20.77 million (20.77 million) shares in Apollo Gleneagles Hospitals Limited as a security for the loan advanced by IDFC and HDFC to Apollo Gleneagles Hospitals Limited.

5. Capital Work –in-Progress comprises amounts spent on assets under construction and directly related pre-operative expenses. The amount of interest included in capital work in progress is Rs. 325.02 million (Rs. 170.60 million)*.

* Includes Interest on Borrowings Capitalised for the year ended 31.03.2011 is Rs.154.42 million (Rs. 198.68 million) .

6. Details of utilization of funds received on preferential allotment of equity share warrants.

(Rs. in million)

A	**Funds Received Through Preferential Issue**		
	Opening Balance as on 1st April 2010	-	
	Amount received from the Promoter during the year	685.07	
	Total Funds Received		**685.07**
B	**Particulars of Utilisation**		
	Capital Expenditure & Working Capital	298.02	
	Balance as Investment in mutual funds and fixed deposits	387.05	
	Total		**685.07**

7. Details of Secured Loans and Security

a. Indian Bank

Loan from Indian Bank is secured by way of:

Hypothecation to the bank by way of first charge of inventory of goods, produce and merchandise, vehicles, plant & machinery, consumer durables which are now in the possession of the company and/or to be purchased out of the bank's loan, book debts, outstanding monies, recoverable claims, bills, contracts, engagements, securities, investments and rights.

Pari passu charge on the Fixed Assets of the Company existing and future along with Bank of India, Canara Bank, Debenture Trustee and International Finance Corporation, Washington.

b. Bank of India

Loan from Bank of India is secured by way of pari passu charge on the Fixed Assets of the Company existing and future along with Indian Bank, Canara Bank, Debenture Trustee and International Finance Corporation, Washington.

c. Canara Bank

The loan is secured by way of pari passu charge on the Fixed Assets of the Company existing and future along with Indian Bank, Bank of India, Debenture Trustee and International Finance Corporation, Washington.

d. International Finance Corporation (External Commercial Borrowings)

The Company has been sanctioned a sum of US$ 35 million from International Finance Corporation (IFC), Washington by way of External Commercial Borrowings (ECB). The Company has withdrawn the full amount of US $ 35 million as of 31st March 2011 on the above loan. The ECB is secured by way of pari passu first ranking charge on the entire movable plant and machinery and equipment including all the spare parts and all other fixed assets such as furniture, fixtures, fittings, installations, vehicles, office equipments, computers and all other fixed assets owned by the company (excluding immovable property), both present and future belonging or hereafter belonging to or at the disposal of the Company. The Loan is repayable in 15 equal semi-annual Instalments starting from 15th September 2012.

Pari passu charge in favour of IFC over the immovable assets of the Company ; such pari passu charge ensuring atleast a cover of 1.25 times the value of outstanding principal amount of the loan.

e. 10.3% Non Convertible Debentures

The Company has issued 500 Nos. 10.3% Non Convertible Debentures of Rs.1 million each on 28th December 2010 and 500 Nos. 10.3% Non Convertible Debentures of Rs.1 million each on 22nd March 2011 to the Life Insurance Corporation of India.

The Debentures are secured by way of pari passu charge on the Fixed Assets of the Company existing and future along with Indian Bank, Bank of India,Canara Bank and International Finance Corporation, Washington. ; such pari passu charge ensuring atleast a cover of 1.25 times the value of outstanding principal amount of the loan.

f. Cash Credit facilities from Banks are secured by hypothecation of inventories and book debts, and a second charge on specified fixed assets of the Company.

g. The Company's Fixed Deposit receipts amounting to Rs. 45.94 million (Rs. 24.43 million)are under lien with the bankers for obtaining Letters of credit and Bank Guarantee.

8. The Company has issued Foreign Currency Convertible Bonds (FCCBs) to International Finance Corporation, Washington (IFC), to the value of US$ 15 million on 28th January 2010. These bonds are convertible into Equity Shares based on the rupee dollar parity exchange rate at any time before the end of the final repayment date. On 9th December 2010, the Company converted FCCBs equivalent to US $ 7.5 million into 1.14 million equity shares of Rs. 5 each. The underlying number of Equity shares as on 31st March 2011 is 1.10 million equity shares is based on the exchange rate ($1 = Rs. 44.65) and if the option is not exercised, the Loan shall be repayable in full in two approximately equal semi-annual instalments commencing from the final repayment date by way of redemption of such number of FCCBs in respect of which IFC has not exercised its conversion option.

9. 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 Profit and Loss Account for the relevant year Rs. 79.56 million (Rs. 57.55 million). (Also refer Clause (I) of Notes Forming part of Accounts.)

Particulars	As at 31.03.2011		As at 31.03.2010	
	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			

(Rs. in million)						
Particulars	**As at 31.03.2011**			**As at 31.03.2010**		
	Gratuity	**Earned Leave**	**Total**	**Gratuity**	**Earned Leave**	**Total**
Present Value of Obligation as on 1st April, 2010	150.26	91.06	241.32	165.91	121.99	287.90
Interest Cost	11.96	7.12	19.08	13.18	9.62	22.80
Current Service Cost	20.24	10.64	30.88	18.64	9.45	28.09
Benefit Paid	(1.52)	(4.22)	(5.74)	(2.25)	(3.56)	(5.81)
Actuarial (gain) / Loss on obligation	6.65	(6.55)	0.10	(45.22)	(46.44)	(91.66)
Present Value of Obligation as on 31st March, 2011	187.59	98.05	285.64	150.26	91.06	241.32
Change in plan assets						
Fair Value of Plan Assets as on 1st April, 2010	139.50	74.39	213.89	118.29	61.12	179.41
Expected return on plan assets	12.52	5.98	18.50	10.31	5.42	15.73
Contributions	30.00	40.00	70.00	30.00	-	30.00
Benefits paid	(1.52)	(4.22)	(5.74)	(2.25)	-	(2.25)
Actuarial gain / (loss)	(6.95)	(41.00)	(47.95)	(16.85)	7.85	(9.00)
Fair Value of Plan Assets as on 31st March, 2011	173.55	75.15	248.70	139.50	74.39	213.89
Reconciliation of present value of the obligation and the fair value of the plan assets						
Fair value of the defined benefit obligation	187.59	98.05	285.64	150.26	91.06	241.32
Fair value of plan assets at the end of the year	(173.55)	(75.15)	(248.70)	(139.50)	(74.39)	(213.89)
Liability / (assets)	14.04	22.90	36.94	10.76	16.67	27.43
Unrecognised past service cost	-	-	-	-	-	-
Liability / (assets) recognised in the balance sheet	14.04	22.90	36.94	10.76	16.67	27.43
Gratuity & Leave Encashment cost for the period						
Service Cost	20.24	10.64	30.88	18.64	9.45	28.09
Interest Cost	11.96	7.12	19.08	3.18	9.62	22.80
Expected return on plan assets	(12.52)	(5.98)	(18.50)	(10.31)	(5.42)	(15.73)
Actuarial (gain) / loss	13.60	34.46	48.06	(28.37)	(54.29)	(82.66)
Past Service Cost	-	-	-	54.45	49.99	104.44
Net gratuity cost	33.28	46.24	79.52	47.59	9.35	56.94
Investment details of plan assets						
100% of the plan assets are invested in debt instruments						
Actual return on plan assets	5.57	(35.02)	(29.45)	(6.54)	13.27	6.73

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 Bank.

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.

10. a) For the period ended 31st March 2011, the Foreign Exchange loss (the difference between the spot rates on the date of the transactions, and the actual rates at which the transactions are settled) amounted to Rs. 8.86 million (Rs. 15.04 million).

b) The Foreign Exchange gain arising out of the restatement of the monetary items as on the Balance Sheet date is Rs. 14.51 million (Rs.22.20 million) The above Exchange differences have been adjusted in the Profit and Loss Account, which is in conformity to the Accounting Standard 11 on 'Accounting for the effects of changes in Foreign Exchange rates' as notified under the Companies (Accounting Standards) Rules, 2006.

11. Leases

In respect of Non- cancellable Operating Leases

Lease payments recognised in the Profit and Loss Account is Rs.834.53 million (Rs. 703.41 million)

Minimum Lease Payments	March 31 2011 (Rs.in million)	March 31, 2010 (Rs.in million)
Not later than one year	443.64	442.25
Later than one year and not later than five years	1,059.09	955.39
Later than five years	1,719.59	1,799.84

Lease agreements are renewable for a further period or periods on terms and conditions mutually agreed between the lessor and the Company.

Variations/Escalation clauses in lease rentals are made as per mutually agreed terms and conditions by the lessor and the Company.

12. The Company has issued and allotted 1.54 million equity warrants convertible into equity shares of nominal value of Rs. 10/- each at premium of Rs 761.76 per share on 12th June 2010 to Dr. Prathap C Reddy, one of the promoters of the company on a preferential allotment basis. The issue price is at minimum price of Rs 771.76 fixed in accordance with the guidelines for preferential issues of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations 2009 .Accordingly the promoter has paid 25% of the consideration @ 771.76 per warrant on the date of allotment. The balance 75% is payable on the exercise of option for conversion within 18 months of date of allotment. Consequent to the splitting of one Rs.10 equity share into two Rs.5/- equity shares the warrants outstanding as on 31st March 2011 is 3.08 million.

The Company has issued and allotted 3.27 million equity warrants convertible into equity shares of nominal value of Rs. 5/- each at premium of Rs 467.46 per share on 5th February 2011 to Dr. Prathap C Reddy, one of the promoters of the company on a preferential allotment basis. The issue price is at a minimum price of Rs 472.46 fixed in accordance with the guidelines for preferential issues of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009. Accordingly the promoter has paid 25% of the consideration @ 472.46 per warrant on the date of allotment. The balance 75% is payable on the exercise of option for conversion within 18 months of date of allotment.

13. The Company had issued 9.00 million Global Depository Receipts with two way fungibilty during the year 2005-06. Total GDR's converted into underlying Equity Shares for the year ended on 31st March 2011 is 3.13 million (2009-10: 0.02 million) and the total GDR's converted upto 31st March 2011 is 7.46 million (2009-10: 4.33 million). Consequent to the splitting of each equity share of face value of Rs. 10/- into two equity shares of face value of Rs. 5/- each, the total Global Depository Receipts converted to equity shares is 14.93 million.

14. 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.

15. Earnings in Foreign Exchange

Rs. in million

Particulars	31.03.2011	31.03.2010
Hospital Fees	150.36	50.93
Project Consultancy Services	53.70	124.35
Reimbursement Expenses	5.99	2.10
Software Consultancy – Others	4.42	4.67
Pharmacy Sales*	0.59	0.49

* Pharmacy sales are sales made within India to inpatients that have paid in foreign currency.

16. Directors travelling included in travelling and conveyance amounts to Rs.19.26 million (Rs. 5.83 million).

17. Unclaimed Dividend

Year	(Rs. in million)
2003-04	1.65
2004-05	1.83
2005-06	2.13
2006-07 (*)	1.64
2006-07	1.06
2007-08	2.86
2008-09	3.31
2009-10	3.80
Total	**18.28**

(*) Interim Dividend

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 Rs.1.33 million (Rs. 1.23 million) in aggregate which comprises of Rs. 1.32 million (Rs. 1.12 million) as unclaimed dividend and Rs. 0.01 million (Rs. 0.11 million) as unclaimed deposit.

18. Additional net deferred tax liability of Rs. 319.61 million (Rs. 124.89 million) for the period has been recognized in the Profit and Loss account.

Rs. in million

Particulars	Deferred Tax Liability as at 31.03.2010	Current year charge /(credit)	Deferred Tax Liability as at 31.03.2011
Deferred Tax Liability on account of Depreciation*	697.10	**125.15**	**822.25**
Deferred Tax Liability on account of Deferred Revenue Expenditure (Also Refer Clause 37 of Schedule J)	54.35	**(1.06)**	**53.29**
Deferred Tax Liability on account of 35 AD of The Income Tax Act 1961		**195.52**	**195.52**
Total	**751.45**	**319.61**	**1,071.06**

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

The company adjusts the amount of deferred tax liability carried forward by applying the tax rate that has been enacted or substantively enacted at the date of the Balance Sheet on accumulated timing differences. Surcharge rates has been revised from 7.5% to 5% for Fiscal 2011 -12

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.

19. **(a) The jointly Controlled Entities considered in the Consolidated Financial Statements are:**

Name of the Company	Country of Incorporation	Proportion of ownership Interest (%) 31.03.2011	Proportion of ownership Interest (%) 31.03.2010
Apollo Hospitals International Limited	India	50*	50*
Apollo Gleneagles Hospital Limited	India	50	50
Apollo Gleneagles PET CT Private Limited	India	50	50
Apollo Munich Health Insurance Company Limited	India	11.01	16.71
Western Hospitals Corporation Private Limited	India	40	40
Quintiles Phase One Clinical Trials India Private Limited	India	40	40
Apollo Lavasa Health Corporation Limited	India	34.66	6.77

*-Inclusive of 42.09% (42.09%) 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:

Rs. in million

I	ASSETS	As at 31st March 2011	As at 31st March 2010
	1.Net Fixed Assets	1,929.84	1,576.39
	2. Capital Work-in-Progress	29.00	294.20
	3.Investments	349.74	296.16
	4.Current Assets, Loans and Advances		
	a) Inventories	27.46	26.01
	b) Sundry Debtors	202.63	135.53
	c) Cash and Bank Balances	190.61	155.86
	d) Loans and Advances	144.38	119.66
	5. Deferred Tax Asset	107.46	99.34
II	LIABILITIES		
	1.Secured Loans	957.23	1,073.76
	2.Unsecured Loans	239.56	169.41
	3.Current Liabilities and Provisions		
	a) Liabilities	684.57	525.33
	b) Provisions	9.06	0.11
	4. Deferred Tax Liability	1.48	-
III	INCOME	For the year ended 31.03.2011	For the year ended 31.03.2010
	1.Income from healthcare services	1,416.94	1,058.14
	2.Other Income	13.64	18.18
IV	EXPENSE		
	1.Operating Expenses	472.24	345.00
	2.Payment and provisions to employees	280.55	207.33
	3. Administrative and other expense	479.00	453.20
	4. Financial expense	116.71	114.69
	5.Depreciation / Amortisation	139.12	117.90
	6.Profit Before Taxation	(57.04)	(161.80)
	7.Provision for Taxation	3.80	2.66
	8. Deferred Tax Asset	9.82	-
	9. Proft after taxation before minority interests	(51.02)	(164.46)
	10. Minority interests	-	-
	11. Net Profit	(51.02)	(164.46)
V	OTHER MATTERS	As at 31.03.2011	As at 31.03.2010
	1. Contingent Liabilities	178.65	153.67
	2. Capital Commitments	17.00	84.56

20. International Finance Corporation has granted a loan of US$ 35 million during the year 2009-10. For the year ended 31st March 2011 the Company has drawn full US$ 35 million of the sanctioned amount of US$ 35 million and the Company has entered into Currency Cum Interest Rate Swap (CCIRS) with HDFC Bank in Indian rupee and hedged the loan for interest rate 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 Rs. 1,100 million The tenure of this derivative contract matches with the tenure of the loan outstanding as of 31st March 2011.

21. Gain on Forward Contract during the year ended 31st March 2011 accounted for in the Profit and Loss Account is Rs.11.77 million (Rs. 31.35 million)

22. Sundry Debtors, Loans and Advances

i. Confirmations of balances from Debtors, Creditors and for Deposits are yet to be received in a few cases though the Company has sent letters of confirmation to them. The balances adopted are as appearing in the books of accounts of the Company.

ii. Sundry Debtors represent the debt outstanding on sale of pharmaceutical products, hospital services and project consultancy fees and are considered good. The Company holds no other securities other than the personal security of the debtors.

iii. Sundry Debtors and Loans and Advances shown under the head Current Assets includes the amounts due from concerns which are under same management or in which some of the Directors are interested as Directors, which amounts to Rs.818.43 million (Rs. 629.49 million).

iv. Accrued patient collections constitute Rs. 233.56 million (Rs. 123.86 million) of Sundry Debtors.

Loans and advances due from Subsidiaries, Joint Ventures and Associates are as follows:

(Rs. in million)

COMPANY	2010-11		2009-10	
	As on 31st March 2011	Maximum Outstanding during 2010-11	As on 31st March 2010	Maximum Outstanding during 2009-10
Unique Home Health Care Limited	-	1.27	0.05	84.44
AB Medical Centres Limited	-	1.46	1.46	1.46
Samudra Healthcare Enterprises Limited	28.89	29.10	14.72	14.86
Apollo Hospitals (UK) Limited	0.86	0.86	0.31	0.31
Apollo Health and Lifestyle Limited	4.47	15.97	0.96	0.96
Imperial Hospital and Research Centre Limited	296.79	297.23	249.99	252.51
Apollo Cosmetic Surgical Centre Pvt Ltd	4.69	4.69	-	-
Pinakini Hospitals Limited	25.17	25.17	9.65	9.65
Alliance Dental Care Private Limited	6.60	6.60	1.58	1.58
Apollo Hospitals International Limited	7.33	9.78	-	7.62
Apollo Gleneagles Hospitals Limited	56.61	57.38	42.64	53.62
Apollo Gleneagles PET-CT Private Limited	1.49	1.49	0.96	3.53
Apollo Health Street Limited	-	0.33	-	1.44
Indraprastha Medical Corporation Limited	-	0.36	-	0.15

v. Advances and deposits represent the advances recoverable in cash or in kind or for value to be received. The amounts of these advances and deposits are considered good for which the Company holds no security other than the personal security of the debtors.

23. Power Generation

The Electricity charges incurred in respect of the Hospital is net of Rs. 6.94 million (Rs. 7.47 million) [units qualified KWH – 1.39 million (1.59 million)], being the rebate received from TNEB for Wind Electric Generators owned & run by the Company.

24. The Company has been exempted by the Ministry of Corporate Affairs, vide order No. 46/115/2011-CL III from publishing the quantitative particulars as per para 3(ii) (d) of Part II of Schedule VI of the Companies Act, 1956 with respect to the total value of turn over, purchases, goods traded, sales, consumption of raw materials etc. for the year ended 31st March 2011 and hence the same is not disclosed for this financial year.

25. The Company has been exempted from publishing the financial statements for twelve 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 2011

26. Expenditure in Foreign Currency

Rs. in million

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
a. CIF Value of Imports		
Machinery and Equipment	589.59	808.97
Stores and Spares	15.16	17.77
Other Consumables	9.18	10.44
b. Expenditure		
Travelling Expenses	21.52	15.04
Professional Charges	2.84	5.54
Staff Welfare Expenses	3.51	-
Business Promotion	0.73	1.96
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.	3.69	3.77
Non-Residents shareholders to whom remittance was made	216 (Nos)	224 **(Nos)**
Shares held by non-resident share-holders on which dividend was paid.	527,996 (Nos)	580,869 **(Nos)**

27. In the process of acquiring Apollo Gleneagles Hospitals Limited (AGHL) in Kolkata, Apollo Hospitals Enterprise Limited had initially invested Rs. 30 million [Rs. 5 million towards equity and Rs.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 Rs.176 million existing in its books to Apollo Hospitals Enterprise Limited. As a measure of prudence, this amount is not recognized as an advance or investment in the books of Apollo Hospitals Enterprise Limited currently and will be accounted for as and when the amount(s) are received.

28. 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.

29. Managerial Remuneration

Rs. in million

Particulars	31.03.2011	31.03.2010
Profit before Tax and Managerial Remuneration	2,946.91	2,415.24
Add: Provision for Bad debts	14.24	7.89
Add: Loss on Sale of Assets and Investments	33.26	20.52
Add: Wealth Tax	1.82	1.25
Less: Profit on Sale of Assets and Investments	0.15	62.69
Divisible Profit to Managerial Remuneration	2,996.06	2,382.21
Remuneration		
Chairman (5% of profits)	137.12	109.44
Managing Director (2% of profits)	54.84	43.77
Executive Director – Finance (1.25% of profits)	34.27	27.36
Executive Director – Operations (0.50% of profits)	13.71	10.94
Executive Director – Special Initiatives (0.50% of profits)	13.71	1.82
Commission to Non Executive Directors	8.38	8.12

30. Earnings per Share

Particulars	31.03.2011	31.03.2010
Profit before extraordinary items attributable to equity shareholders (Rs. in million) (A1)	1,817.17	1,519.63
Weighted Average Equity Shares outstanding during the year (Nos.) - (B1)	123,922,957	123,425,413
Basic Earnings Per Share before extra-ordinary item - (A1/B1) (Rs.)	14.66	12.31
Diluted Earnings before extraordinary items attributable to equity shareholders (Rs. in million) (A2)	1,823.20	1,519.63
Foreign Currency Convertible Bond issued (C1)* (Nos.)	1,107,025	2,241,480
Weighted Average Equity Shares outstanding for Diluted Earnings Per Share. (Nos.) - (D1)	128,003,621	123,956,604
Diluted Earnings Per Share before extra-ordinary item - (A2/D1) (Rs.)	14.24	12.26
Profit after extraordinary items attributable to equity shareholders (Rs. in million) (A)	1,817.17	1,519.63
Weighted Average Equity Shares outstanding during the year (Nos) - (B)	123,922,957	123,425,413
Basic Earnings Per Share after extra-ordinary item - (A/B) (Rs.)	14.66	12.31
Diluted Earnings before extraordinary items attributable to equity shareholders (Rs. in million) (A3)	1,823.20	1,519.63
Foreign Currency Convertible Bonds issued (C)* (Nos.)	1,107,025	2,241,480
Weighted Average Equity Shares outstanding for Diluted Earnings Per Share. (Nos.) - (D)	128,003,621	123,956,604
Diluted Earnings Per Share after extra-ordinary item - (A3/D) (Rs.)	14.24	12.26

*The Company has issued Foreign Currency Convertible Bonds (FCCBs) to International Financial Corporation (IFC), Washington convertible to Equity shares at the option of IFC during the year 2009-10. The Bonds are convertible at any time during the tenure of the loan. To comply with the requirements of Accounting Standard-20 (Earnings Per Share) the underlying number of Equity shares equivalent to 1.10 million Equity shares (computed on the basis of exchange rates prevailing on the date of 31st March 2011) have been considered for the purpose of computing potential number of Equity Shares.

31. Consumption of Materials

Rs. in million

Particulars	31.03.2011		31.03.2010	
	Value	%	Value	%
Total Consumption of Materials	12,275.72	100.00	9,504.37	100.00
Indigenous Materials	12,251.37	99.80	9,476.14	99.70
Imported Materials	24.35	0.20	28.22	0.30

32. Audit Expenses

As Statutory Auditors

Rs. in million

Particulars	31.03.2011	31.03.2010
Audit Fees*	1.65	1.65
Tax Audit*	0.56	0.19
Others	0.49	0.49
Expenses	0.13	0.29
Total	2.83	2.62
Inclusive of Service Tax @10.3%		

33. In respect of the Income Tax claims of Rs. 384.46 million (Rs. 243.73 million) by the Income Tax Department, the amount is under contest.

- Provision for taxation is determined after availing concession under Section 35AD of the Income Tax Act 1961.

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

35. Details of Sundry Creditors under Current Liabilities 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 2011 is Rs. 48.76 million (Rs. 153.26 million). No interest interms 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 2011.

36. The hospital collections of the Company are net of discounts of Rs. 37.09 million (Rs. 59.99 million).

37. Unrealised amount on project development and pre oprerative project expenses incurred at Bilaspur Hospital amounting to Rs. 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 9 years. The balance yet to be amortised as on 31st March 2011 is Rs. 28.31 million (Rs. 31.45 million).

38. Figures of the current year and previous year have been shown in million.

39. Figures in brackets relate to the figures for the previous year.

40. Previous year figures have been regrouped and reclassified wherever necessary to confirm with current years classification.

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
General Manager - Project Finance
& Company Secretary

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director - Finance

Place: Chennai
Date: 24th May 2011

Cash Flow Statement
for the year ended 31st March 2011

(Rs. in million)

	31.03.2011		31.03.2010	
A. Cash Flow from operating activities				
Net profit before tax and extraordinary items		2,693.24		2,221.65
Adjustment for:				
Depreciation	702.58		543.06	
Loss on sale of sale of Investment	1.66		0.43	
Profit on sale of Asset	(0.13)		(0.60)	
Profit on sale of investment	(0.03)		(62.09)	
Loss on sale of asset	31.54		20.09	
interest paid	551.44		362.42	
Misc.Exp.written off	3.27		3.44	
Foreign Exchange gain / loss	(5.64)		(7.15)	
Interest received	(110.89)		(115.47)	
Dividend received	(49.36)		(120.16)	
Income from Treasury Operations	(11.77)		(31.35)	
Provision for bad debts	14.24		7.89	
Baddebts written off	54.75	1,181.71	82.46	682.98
Operating profit before working capital changes		3,874.95		2,904.64
Adjustment for:				
Trade or other receivables	(710.09)		(538.34)	
Inventories	(161.76)		(255.02)	
Trade payables	(40.77)		1,048.45	
Others	(357.56)	(1,270.18)	(628.05)	(372.96)
Cash generated from operations		2,604.77		2,531.68
Foreign Exchange loss/gain		5.64		7.15
Taxes paid		(657.96)		(846.44)
Adjustments for Misc.Exp.written off		(3.15)		(3.10)
Net cash from operating activities		1,949.30		1,689.28
B. Cash flow from Investing activities				
Purchase of Fixed Assets(Including capital work in progress)#		(2,901.55)		(3,581.87)
Sale of Fixed Assets		160.53		44.22
Purchase of Investments		(3,641.83)		(881.18)
Investment in Subsidiaries & Joint Ventures & Associates		(243.92)		(2,280.47)
Sale of investments		2,540.87		4,618.24
Interest received		57.60		79.14
Dividend received		49.36		120.16
Cash flow before extraordinary item				
Net cash used in Investing activities		(3,978.94)		(1,881.77)
C. Cash flow from financing activities				
Proceeds from issue of equity shares		-		13.94
Proceeds from issue of securities premium		-		679.96
Proceeds from issue of equity share warrants		685.07		-
Proceeds from long term borrowings		1,911.62		1,375.20
Proceeds from short term borrowings		83.90		1,378.23

	31.03.2011	31.03.2010
Repayment of finance/lease liabilities	(1,140.14)	(311.75)
Interest paid	(531.92)	(363.41)
Income from Treasurary operations	11.77	31.35
Dividend paid	(432.49)	(401.60)
D. Net cash from financing activities	587.82	2,401.92
Net increase in cash and cash equivalents (A+B+C)	(1,441.82)	2,209.42
Cash and cash equivalents (opening balance)	2,855.58	646.16
Cash and cash equivalents (Closing balance)	1,413.76	2,855.58
Component of Cash and cash equivqlents		
Cash on Hand	47.39	33.29
Balance with Banks		
1) Available with the company for day to day operations	1,348.09	2,802.78
2) Amount available in unclaimed dividend and unclaimed deposit payment accounts.	18.28	19.51

Notes:

1. Previous year figures have been regrouped wherever necessary.
2. Figures in bracket represent outflow

Purchase of Fixed Assets includes and Interest paid excludes Rs. 154.42 million (previous year - Rs. 198.68 million) of interest capitalised

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

V C Krishnan
Partner
(Membership No: 022167)
17, Bishop Wallers Avenue (West)
CIT Colony, Mylapore, Chennai 600 004

Place: Chennai
Date: 24th May 2011

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
General Manager - Project Finance
& Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director - Finance

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Apollo Hospitals Enterprise Limited for the year ended 31st March 2011. 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 corresponding Profit and Loss Account and the Balance Sheet of the company covered by our report of 24.05.2011 to the members of the company.

Place : Chennai
Date : 24th May 2011

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

V.C. Krishnan
Partner
Membership No.: 022167

Balance Sheet Abstract
& Company's General Business Profile

Balance Sheet Abstract & Company's General Business Profile of the Company under Part IV to Schedule -VI of the Companies Act, 1956

I. Registration Details

Registration No.	L85110TN1979PLC008035	State Code	18
Balance Sheet Date	31032011		

II. Capital Raised during the year (Amount in Rs. Million)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	685.07

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Million)

Total Liabilities	26202.82	Total Assets	26202.82
Sources of Funds			
Paid up Capital	623.55	Preferential Issue of Equity Share Warrants	685.07
Secured Loans	5496.07	Unsecured Loans	1914.04
Deferred Tax Liability	1071.06	Reserves & Surplus	16413.03
Application of Funds			
Net Fixed Assets	13981.47	Investments	6241.12
Net Current Assets	5980.23	Misc. Expenditure	0.00

IV. Performance of the Company (Amount in Rs. Million)

Turnover	23319.62	Other Income	213.70
Total Expenditure	20840.08	Profit before Tax	+2693.24
		Profit After Tax	+1817.18
Dividend Rate %	75	Earnings Per Share (Basic)	Rs. 14.66

(Equity Shares of face value of Rs. 5/- each)

V. Generic Names of three principle/product services of Company (as per monetary terms)

Item Code No.	NIL
Service Description	HOSPITAL

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

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

Place: Chennai
Date: 24th May 2011

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
General Manager - Project Finance
& Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director - Finance

Five years Standalone Financial Performance at a Glance

(Rs. in million)

Year Ended	31st Mar 11	31st Mar 10	31st Mar 09	31st Mar 08	31st Mar 07
Balance Sheet					
Sources					
Share Capital	623.55	617.85	602.35	586.85	516.38
Preferential issue of equtiy share warrants	685.07	-	-	-	-
Reserve and Surplus	16,413.02	14,799.93	13,106.20	11,793.51	7,016.90
Networth	17,721.64	15,417.66	13,708.11	12,377.30	7,525.48
Loans	7,410.10	6,899.86	4,494.82	3,056.35	1,441.80
Capital Employed	25,131.74	22,317.52	18,202.93	15,433.65	8,967.28
Deferred Tax Liability	1,071.06	751.45	626.56	589.70	570.64
Applications					
Gross Block	17,968.91	15,289.23	11,779.31	8,300.10	6,435.85
Accumulated Depreciation	3,987.44	3,314.74	2,779.92	2,348.32	1,982.88
Net Block	13,981.47	11,974.49	8,999.39	5,951.78	4,452.97
Investments	6,241.12	4,897.88	6,292.80	7,060.11	3,229.60
Current Assets, Loans & Advances					
Inventory	1,505.21	1,343.43	1,088.42	790.89	551.95
Debtors	2,696.43	2,055.34	1,607.35	1,261.59	978.92
Cash & Bank	1,413.76	2,855.58	646.16	1,045.57	644.03
Loans & Advances	5,714.98	5,170.72	3,693.22	2,721.10	1,847.08
(A)	11,330.38	11,425.07	7,035.16	5,819.15	4,021.98
Current Liabilities & Provisions					
Creditors	1,684.24	1,781.07	750.05	725.74	557.64
Other Liabilities	973.83	839.95	776.96	677.20	696.94
Provisions	2,692.08	2,607.44	1,970.85	1,404.75	912.05
(B)	5,350.15	5,228.46	3,497.86	2,807.69	2,166.63
Net Current Assets (A - B)	5,980.23	6,196.61	3,537.30	3,011.46	1,855.35
Miscellaneous Expenditure	-	0.12	0.45	3.07	7.80
Key Indicators					
O P M%	16.93	16.90	16.38	17.54	16.71
N P M%	7.72	8.18	7.98	8.85	11.12
Collection Growth %	26.61	25.56	28.72	27.85	25.10
OP Growth (%)	30.16	29.72	20.27	14.15	21.82
Earnings Per Share (Rs.) (Basic)* Equity shares of face value of Rs. 5/- each.	14.66	12.31	9.90	9.31	9.82
R O I (PBIT / AV.CE) %	13.83	12.83	11.33	13.52	14.95
RONW%	10.97	10.43	9.09	10.22	9.84
Employee Cost to Collections %	15.18	15.40	14.93	14.65	14.21
Debt / Equity Ratio	0.42	0.44	0.33	0.25	0.19

(Rs. in million)

Year Ended	31st Mar 11		31st Mar 10		31st Mar 09		31st Mar 08		31st Mar 07	
		%		%		%		%		%
PROFIT AND LOSS ACCOUNT										
Income	23,533.32		18,587.45		14,803.50		11,500.66		8,995.15	
Operative Expenses	12,788.04	54.34	9,944.64	53.50	8,096.51	54.69	6,207.33	53.97	4,901.83	54.49
Salaries and Wages	3,572.00	15.18	2,863.81	15.41	2,210.51	14.93	1,684.82	14.65	1,278.70	14.21
Administrative Expenses	3,186.86	13.54	2,633.37	14.17	2,065.74	13.95	1,582.37	13.76	1,297.76	14.43
Other Expenses	3.27	0.01	3.43	0.02	5.81	0.04	8.72	0.08	13.68	0.15
Operating Profit	3,983.14	16.93	3,145.63	16.92	2,424.94	16.38	2,017.41	17.54	1,503.48	16.71
Financial Expenses	587.32	2.50	377.47	2.03	223.16	1.51	198.98	1.73	164.24	1.83
Depreciation	702.58	2.99	543.06	2.92	439.20	2.97	367.46	3.19	308.01	3.42
Provision for loss on Investment					-	-	-	-	-	-
Extraordinary Items			-	-	40.19	0.27	-	-	325.07	3.61
P B T	2,693.24	11.44	2,221.65	11.95	1,722.39	11.63	1,450.98	12.62	1,356.30	15.08
Tax - Current	570.00	2.42	577.12	3.10	479.79	3.24	381.12	3.31	288.16	3.20
Previous	(13.55)	(0.06)	-	-	-	-	13.27	0.12	33.48	0.37
Deferred	319.61	1.36	124.89	0.67	36.86	0.25	19.06	0.17	20.44	0.23
Fringe Benefit Tax			-	-	25.04	0.17	20.07	0.17	13.52	0.15
P A T	1,817.18	7.72	1,519.63	8.18	1,180.69	7.97	1,017.45	8.85	1,000.70	11.12
Dividend	467.67		432.49		401.60	-	352.11	-	258.18	-

Auditors' Report

To the Board of Directors of Apollo Hospitals Enterprise Limited on the Consolidated Financial Statements of Apollo Hospitals Enterprise Limited

i. We have audited the attached Consolidated Balance Sheet of Apollo Hospitals Enterprise Limited ("The Company") its Subsidiaries and jointly controlled entities (The Company, its Subsidiaries and jointly controlled entities constitute "The Group") as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the group for the year ended on that date, both annexed thereto. The Consolidated financial statements include investment in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

ii. These financial statements are the responsibility of the Management of Apollo Hospitals Enterprise Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

iii. We conducted our audit in accordance with Generally Accepted Auditing Standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

iv. The financial statements of Subsidiaries (AB Medical Centres Limited, Apollo Health and Lifestyle Limited, Samudra Healthcare Enterprises Limited, Imperial Hospitals and Research Centre Limited, Pinakini Hospitals Limited, Apollo Hospital (UK) Limited, Apollo Cosmetic Surgical Centre Private Limited and Alliance Medicorp (India) Limited), Joint Ventures (Apollo Gleneagles Hospitals Limited, Apollo Gleneagles PET CT Private Limited, Apollo Munich Health Insurance Company Limited, Western Hospitals Corporation Private Limited, Quintiles Phase One Clinical Trials India Private Limited, Apollo Lavasa Health Corporation Limited and Apollo Hospitals International Limited) which in the aggregate represents total assets (net) as at 31st March 2011 of Rs. 4684.25 Million (31st March 2010: Rs. 3178.09 Million) and total revenues (net) for the year ended on that date of Rs. 5641.59 Million (31st March 2010: Rs 3782.93 Million) and of Associates (Indraprastha Medical Corporation Limited, Apollo Health Street Limited, Family Health Plan (TPA) Limited and Stemcyte India Therapautics Private Limited) which reflect the Group's share of profit of Rs. 83.77 Million (31st March 2010: Rs. 39.09 Million) for the year, and upto 31st March 2011 profit of Rs. 1347.34 Million(31st March 2010:Rs.1141.55 Million), *is subject to adjustment based on the observation of the independent auditor of Apollo Health Street Limited as stated in clause (v)(a)* ***of this Auditors Report and the profit for the year will be consequently less by Rs. 254.19 million resulting in the Group's share of loss of Rs. 170.42 million for the year and profit upto 31st March 2011 will be less by Rs. 254.19 million***, have been audited by other auditors whose reports have been furnished to us, and in our opinion:

a) ***The effect of the impairment loss, if any which has been reported by the auditors of Apollo*** *Health Street Limited, an associate, has not been considered for the purpose of consolidation and no adjustment has been made to the group share of total assets as the auditors have not* ***quantified the quantum of impairment loss.***

b) ***The consolidated financial statements include the group share of loss of Rs.2.70 million (31st March 2010: Rs.0.83 million) for the year, and upto 31st March 2011 profit of Rs.8.82 million (31st March 2010: Rs.11.84 million) of Stemcyte India Therapautics Private Limited, an associate, is based only on the unaudited Management Report furnished to us.***

c) Insofar as it relates to the amounts included in respect of the Subsidiaries, Joint Ventures and Associates are based solely on the report of the other independent auditors (in the case of Unique Home Health Care Limited audited by us).

d) We draw reference to Note 2(B)(3) of Schedule J of Consolidated Financial Statements regarding the Company British American Hospitals Enterprise Limited which was considered as an associate during the previous year and whose accounts have not been included as an associate for the year ended 31st March 2011.

v. a) *In the case of Apollo Health Street Limited, an associate, as discussed more fully in Note 25(h) (ii) of Schedule J of Consolidated Financial Statements, the Company has not recorded mark-to-market losses as at 31st March 2011, on outstanding interest rate swaps executed by its overseas subsidiary aggregating to Rs.645.48 million (31st March 2010-Rs. 651.69 million) as required by the Institute of Chartered Accountants of India's announcement on derivatives, since in the opinion of management such swap instruments were executed to hedge interest rates movements and loss as at the Balance Sheet date is notional. Accordingly derivative expense is lower by Rs 645.48 million and the reported profit is higher by Rs.645.48 million.*

b) *In the case of Apollo Health Street Limited, an associate, the financial statements do not include any adjustments for impairment loss if any, on the carrying value of Goodwill paid on various acquisitions made by the Company. Management on the basis of its estimates and projections of future cash flows believes that the entire carrying value of Goodwill of Rs.6,917.08 million (31st March 2010-Rs. 6,992.90 million) is recoverable in the ordinary course of business. Based on our review of the projections and our understanding of the underlying assumptions, we are unable to comment on appropriateness of the assumptions and consequently on the achievability of the projected cash flows.*

vi. In the absence of any notification from the Central Government with respect to the Cess payable under Section 441(A) of the Companies Act, 1956, no quantification is made. Hence, no opinion is given on cess unpaid or payable, as per the provisions of Section 227(3)(g) of the Companies Act, 1956.

vii. Subject to the matters specified in (v)(a), (b) and read with our comments in paragraph (iv) above

a) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of 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.

b) Based on our audit and on consideration of the reports of other independent auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 31st March 2011;

(b) In the case of the Consolidated Profit and Loss Account, of the results of operations 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 of the Group for the year ended on that date.

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

Place: Chennai
Date: 24th May 2011

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

V. C. Krishnan
Partner
Membership No. 022167

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

as at 31st March 2011

Rs. in million

			Schedule	31.03.2011		31.03.2010	
1		**Sources of Funds**					
	(i)	**Shareholders' Funds**					
		(a) Share Capital	A	623.55		617.85	
		(b) Preferential issue of equity share warrants Refer Clause 14 of Schedule (J)		685.07		-	
		(c) Reserves & Surplus	B	17,521.53	18,830.15	15,786.24	16,404.09
		(d) Capital Reserve on Consolidation			159.26		130.68
	(ii)	**Minority Interest**			248.76		241.42
	(iii)	**Loan Funds**					
		(a) Secured Loans	C	7,439.99		6,764.68	
		(b) Unsecured Loans	D	2,144.76	9,584.75	2,367.29	9,131.97
	(iv)	**Deferred Tax Liability**			1,100.74		776.26
		Total			**29,923.66**		**26,684.42**
2		**Application of Funds**					
	(i)	**Goodwill on Consolidation**			676.50		499.80
	(ii)	**Fixed Assets**	F				
		(a) Gross Block		19,767.05		16,950.40	
		(b) Less : Depreciation		5,148.47		4,230.59	
		(c) Net Block		14,618.58		12,719.81	
		(d) Capital Work in Progress		3,609.96	18,228.54	3,037.07	15,756.88
	(iii)	**Investments**	G		5,020.06		4,165.78
	(iv)	**Deferred Tax Asset**			255.93		240.25
	(v)	**Current Assets, Loans and Advances**	H				
		(a) Inventories		1,584.44		1,412.24	
		(b) Sundry Debtors		3,003.14		2,228.38	
		(c) Cash and Bank Balances		1,780.52		3,116.72	
		(d) Loans & Advances		5,729.90		5,237.66	
				12,098.00		11,995.00	
		Less :					
		Current Liabilities & Provisions	E				
		(a) Liabilities		3,635.25		3,357.76	
		(b) Provisions		2,720.12		2,615.64	
				6,355.37		5,973.40	
		Net Current Assets			5,742.63		6,021.60
	(vi)	**Miscellaneous Expenditure to the extent not written off or adjusted**	I		-		0.12
		Total			**29,923.66**		**26,684.42**

Schedules 'A' to 'I' and notes in Schedule 'J' form part of this Balance Sheet

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

S M Krishnan
General Manager - Project Finance
& Company Secretary

Preetha Reddy
Managing Director

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

Suneeta Reddy
Executive Director - Finance

Place: Chennai
Date: 24th May 2011

Consolidated Profit and Loss Account
for the year ended 31st March 2011

Rs. in million

	Schedule	31.03.2011	31.03.2010
Income			
(a) Income from Operations		24,636.56	19,206.51
Add: Share of Joint Ventures		1,416.94	1,058.14
(b) Other Income	I	186.52	322.39
Total		**26,240.02**	**20,587.04**
Expenditure			
(a) Operative Expenses	II	13,886.42	10,725.99
(b) Payments to & Provisions for Employees	III	4,151.16	3,307.93
(c) Administration & Other Expenses	IV	3,827.41	3,217.64
(d) Financial Expenses	V	814.35	602.06
(e) Preliminary Expenses		0.09	1.07
(f) Defered Revenue Expenditure		5.72	6.41
Total		**22,685.15**	**17,861.09**
Profit Before Depreciation & Tax (PBDT)		3,554.88	2,725.95
Less : Depreciation		941.70	749.51
Profit Before Extraordinary Item & Tax		2,613.18	1,976.44
Profit Before Tax		2,613.18	1,976.44
Less : Provision for Taxation - Current		580.42	582.69
Add : Excess Provision of earlier years written back		(13.58)	0.75
Less : Deferred Tax Liability		328.32	128.62
Add : Deferred Tax Asset		22.21	(35.91)
Profit After Tax		1,740.23	1,300.29
Less : Minority Interest		(15.23)	(36.30)
Profit after Minority Interest		1,755.46	1,336.59
Add : Share in Associates		83.77	39.09
Profit after Share in Associates		1,839.22	1,375.68
Add : Surplus in Profit & Loss Account brought forward		520.69	399.34
Amount available for Appropriations		2,359.92	1,775.02
Appropriations			
Dividend		467.67	432.49
Dividend Tax Payable		75.87	71.83
Transfer to General Reserve		1,000.00	750.00
Transfer to Debenture Redemption Reserve		100.00	-
Balance of Profit in Profit & Loss Account		716.39	520.69
Total		**2,359.92**	**1,775.02**
Earnings Per Share (Refer Clause 26 of Schedule (J))			
Before Extraordinary Item			
Basic Earnings Per Share of face value Rs.5/- (2009-10: Rs.5/-) each		14.84	11.15
Diluted Earnings Per Share of face value Rs.5/-(2009-10: Rs.5/-) each		14.37	11.10
After Extraordinary Item			
Basic Earnings Per Share of face value Rs.5/- (2009-10: Rs.5/-) each		14.84	11.15
Diluted Earnings Per Share of face value Rs.5/-(2009-10: Rs.5/-) each		14.37	11.10

Schedules 'I' to 'V' and notes in Schedule 'J' form part of this Profit and Loss Account

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

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

Place: Chennai
Date: 24th May 2011

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
General Manager - Project Finance
& Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director - Finance

Schedules to Consolidated Balance Sheet

(Rs. in million)

	31.03.2011		31.03.2010	
SCHEDULE (A)				
Share Capital				
Authorised				
200,000,000 Equity Shares of Rs. 5/- each (2009-10 : 150,000,000 Equity Shares of Rs.5/- each)	1,000.00		750.00	
1,000,000 Preference Shares of Rs.100/- each (2009-10 : 1,000,000 Preference Shares of Rs. 100/-each)	100.00	1,100.00	100.00	850.00
Issued				
a) 125,243,728 Equity Shares of Rs. 5/-each (2009-10 : 124,102,736 equity shares of Rs.5/- each)		626.22		620.51
Subscribed and Paid up *				
b) 124,710,710 Equity Shares of Rs. 5/- each fully paid up(2009-10 : 123,569,718 Equity Shares of Rs.5/- each fully paid up)		623.55		617.85

*(a) Includes 1,836,596 Equity shares of Rs. 5/- each fully paid up allotted on conversion of first 2 years interest on debentures, 20% on the face value of debentures and 41,624,462 Equity shares of Rs. 5/- each fully paid up allotted to the shareholders of amalgamated companies for consideration other than cash

(b) Includes 4,159,860 Equity shares of Rs. 5/- each fully paid up allotted on preferential basis during the year 2004-05

(c) Includes 3,062,800 (2009:10 9,326,000) underlying Equity shares of Rs. 5/- each fully paid up, representing Global Depository Receipts issued during the year 2005-06 (Refer Clause 13 of Schedule ('J')

(d) Includes 2,079,930 Equity shares of Rs. 5/- each fully paid up allotted during the year 2006-07 on conversion of Equity share warrants issued on preferential basis during the year 2005-06

(e) Includes 14,094,238 Equity shares of Rs. 5/- each fully paid up were allotted to Apax Mauritius FDI One Limited during the year 2007 - 08 on preferential basis

(f) Includes 3,100,000 Equity shares of Rs. 5 /-each fully paid up allotted during the year 2008-09 on conversion of Equity share warrants issued on preferential basis during the year 2006-07

(g) Includes 3,098,314 Equity shares of Rs. 5 /-each fully paid up allotted during the year 2009-10 on conversion of Equity share warrants issued on preferential basis during the year 2007-08

(h) Includes 1,140,992 Equity shares of Rs. 5 /-each fully paid up allotted during the year 2010-11 on conversion of FCCBs worth US $ 7,500,000 issued to International Finance Corporation, Washington.

Equity shares of face value of Rs. 10/- each subdivided into 2 shares of Rs. 5/- each on 3rd September 2010. The number of equity shares allotted prior to 3rd September 2010 are adjusted to face value of Rs. 5/- each.

Rs. in million

	31.03.2011		31.03.2010	
SCHEDULE (B)				
Reserves & Surplus				
A. Capital Reserve				
(1) Capital Reserve		17.85		17.85
(2) Profit on Forfeited Shares		0.41		0.41
B. Capital Fund	2.61		2.61	
Add: Membership Fees received during the year	-	2.61	-	2.61
C. Capital Redemption Reserve	60.02		60.02	
Add: Transfer during the year	-	60.02	-	60.02
D.Securities Premium Account	10,490.73		9,735.22	
Add : Premium received during the year#	339.45		-	
Add : Premium received from Promoter's issue	-		755.51	
	10,830.18		10,490.73	
Share Premium from Group Companies	418.84	11,249.02	467.52	10,958.25
E. General Reserve	2,749.03		1,999.03	
Add : Transfer during the year	1,000.00		750.00	
Add : Share of Associates	1,078.93		1,060.10	
Add : Share of Profits / (loss) Subsidiaries	176.47		174.16	
Add : Profit from Joint Venture	362.71	5,367.14	235.22	4,218.51
F. Foreign Currency Translation Reserve		0.02		0.05
G. Other Reserve				
Fair value change Account		0.26		0.03
Investment Allowance Reserve		7.62		7.63
Foreign Exchange Fluctuation Reserve		0.19		0.19
Debenture Redemption Reserve		100.00		-
Profit and Loss Account		716.39		520.69
Total		**17,521.53**		**15,786.24**
# Refer Clause 10 of Schedule J				
SCHEDULE (C)				
Secured Loans				
A. Non-Convertible Debentures				
i) 10.3% Debentures		1,000.00		-
B.Loans and Advances from Banks				
(i) Cash Credit		111.04		91.48
(ii) Jammu & Kashmir Bank		269.72		270.09
(iii) Indian Bank	761.90		904.76	
(iv) Bank of India	609.52		952.38	
(v) Canara Bank	1,503.60		2,160.00	
Add : Interest accrued and due	-	2,875.02	-	4,017.14
(vi) Hire Purchase Loans		3.19		0.05
(vii) Canara Bank		388.00		388.00
(viii) Indian Overseas Bank		227.00		227.00
C.Other Loans and Advances				
IFC Loan (External Commercial Borrowings)		1,608.79		697.16
		6,482.76		5,690.92
Add : Share of Joint Ventures		957.23		1,073.76
Refer Clause 2 (C) (3) of Schedule J				
Total		**7,439.99**		**6,764.68**

Refer Clause 9 of Schedule J for Details & security

Rs. in million

		31.03.2011		31.03.2010
SCHEDULE (D)				
Unsecured Loans				
(i) Fixed Deposits		570.14		498.50
(ii) Short Term Loans and Advances				
(a) From Banks		1,000.00		1,021.16
(b) From Directors		**0.18**		0.18
(iii) Other Loans and Advances				
Foreign Currency Convertible Bonds		334.88		678.05
Total		**1,905.20**		**2,197.89**
Add : Share of Joint Ventures		239.56		169.40
Refer Clause 2 (C) (3) of Schedule J				
Total		**2,144.76**		**2,367.29**
SCHEDULE (E)				
Current Liabilities & Provisions				
A) Current Liabilities				
(1) Acceptances		358.40		302.35
(2) Sundry Creditors *				
(a) For Goods	1,165.75		986.04	
(b) For Expenses	268.78		499.14	
(c) For Capital Goods	129.56		173.61	
(d) For Others	362.80		308.60	
		1,926.89		1,967.39
(3) Advances				
(a) Inpatient Deposits	100.99		97.79	
(b) Rent	48.68		21.79	
(c) Others	2.03		13.61	
		151.70		133.19
(4) Investor Education and Protection Fund shall be credited by the following				
(a) Unpaid Dividend		18.28		16.36
(b) Unpaid Deposits		-		3.15
(5) Other Liabilities				
(a) Tax Deducted at Source	94.42		83.28	
(b) Retention Money on Capital Contracts	0.96		1.38	
(c) Outstanding Expenses	334.19		278.35	
		429.57		363.01
(6) Interest accrued but not due		65.84		46.98
Total		**2,950.68**		**2,832.43**
Add : Share of Joint Ventures		684.57		525.33
Refer Clause 2 (C) (3) of Schedule J				
		3,635.25		3,357.76
B) Provisions				
(a) For Taxation	2,102.18		2,067.02	
(b) For Dividend	467.66		432.49	
(c) Bonus	141.22		116.02	
		2,711.06		2,615.53
Add : Share of Joint Ventures		9.06		0.11
Refer Clause 2 (C) (3) of Schedule J				
		2,720.12		2,615.64
Total		**6,355.37**		**5,973.40**

* Refer clause 31 of Schedule J

SCHEDULE (F)
Fixed Assets

Rs. in million

Sl. No.	Name of the Assets	Gross Block				Depreciation Block				Net Block	
	Tangible Assets	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the year	Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land	1,307.97	9.58	-	1,317.55	-	-	-	-	1,317.55	1,307.97
2	Building	3,494.24	403.54	13.37	3,884.41	318.02	53.43	0.22	371.23	3,513.18	3,176.23
3	Leasehold Building*	548.16	85.15	105.23	528.08	74.11	45.17	0.98	118.29	409.79	474.05
4	Medical Equipment & Surgical instruments	5,902.13	966.10	39.75	6,828.48	2,009.12	401.45	16.55	2,394.02	4,434.46	3,893.00
5	Electrical Installation & Generators	945.82	142.76	4.76	1,083.82	301.46	37.20	2.86	335.80	748.02	644.36
6	Airconditioning Plant & Airconditioners	382.71	123.79	7.21	499.29	99.28	42.69	0.61	141.36	357.93	283.43
7	Office Equipment	747.14	161.66	3.67	905.13	334.33	91.31	1.06	424.58	480.55	412.81
8	Furniture & Fixtures	1,310.55	263.02	39.73	1,533.84	367.54	97.23	4.22	460.55	1,073.29	943.01
9	Fire Fighting Equipment	32.73	1.27	-	34.00	4.76	0.81	-	5.58	28.42	27.97
10	Library	0.18	-	-	0.18	0.18	-	-	0.18	-	-
11	Boilers	1.87	-	-	1.87	1.12	-	-	1.12	0.75	0.75
12	Kitchen Equipment	38.10	6.31	-	44.41	10.12	0.78	-	10.90	33.51	27.98
13	Refrigerators	27.80	3.33	0.31	30.82	6.09	0.94	0.06	6.97	23.85	21.71
14	Vehicles	228.27	95.34	8.46	315.15	86.74	22.53	3.61	105.65	209.50	141.53
15	Wind Electric Generator	26.85	-	-	26.85	10.32	1.28	-	11.60	15.25	16.53
	Intangible Assets										
1	Software	12.18	20.38	-	32.56	6.87	7.76	-	14.63	17.93	5.31
2	Trademark and concepts rights	29.10	-	-	29.10	6.40	-	-	6.40	22.70	22.69
3	Goodwill	1.78	-	-	1.78	-	-	-	-	1.78	1.78
	Total	**15,037.58**	**2,282.23**	**222.49**	**17,097.32**	**3,636.46**	**802.58**	**30.17**	**4,408.86**	**12,688.46**	**11,401.12**
	Less : Depreciaton Written Back	-	-	-	-	0.28	-	-	0.28	0.28	0.28
	Total	15,037.58	2,282.23	222.49	17,097.32	3,636.18	802.58	30.17	4,408.58	12,688.74	11,401.40
	Share of Joint Ventures#	2,175.78	501.50	7.55	2,669.73	604.35	139.12	3.57	739.89	1,929.84	1,571.43
	Total	**17,213.36**	**2,783.73**	**230.04**	**19,767.05**	**4,240.53**	**941.70**	**33.74**	**5,148.47**	**14,618.58**	**12,972.84**
	Previous Year	**13,679.15**	**3,409.77**	**138.53**	**16,950.39**	**3,523.71**	**749.51**	**42.63**	**4,230.59**	**12,719.80**	**10,155.45**
	Capital work in Progress**									3,609.96	
	Previous Year									3,037.06	

* Refer clause 3 (D) (v) of Schedule J ** Refer clause 3 F (b) of Schedule J # Refer clause 2 (C) (3) of Schedule J

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
Schedule (G)					
Investment in Government Securities					
Current Investments(lower of cost and market value)					
A) Unquoted					
National Savings Certificate			0.29		0.29
Trade Investments					
Long Term Investments (at cost)					
A) Quoted					
In fully paid up Equity Share Capital					
Associates					
Indraprastha Medical Corporation Limited Market Value as on 31.03.2011 Rs. 34.15 per share (282,500 Equity shares purchased during the year) (Goodwill on Acquisition = Rs. 140.61 million : 31.03.2010: Rs. 121.73 million)	10	19,306,041	289.58	19,023,541	295.06
B) Unquoted					
i) Associates					
Stemcyte India Therapautics Private Limited (Goodwill on Acquisition = Rs.49.91 million)	1	88,303	58.82	88,303	61.84
ii) Long Term - Others					
British American Hospitals Enterprises Ltd	100MUR	1,393,079	203.82	1,393,079	135.10
Kurnool Hospitals Enterprises Limited	10	157,500	1.73	157,500	1.73
Future Parking Private Limited	10	4,900	0.05	-	-
Health Super Hiway Private Limited	10	200	-		-
(200 shares purchased during the year)					
Health Super Hiway Private Limited Preference shares (406,514 shares purchased during the year)	54.10	406,514	22.00		-
Non Trade Investments					
LongTerm Investments (at cost)					
A) Quoted					
In fully paid up Equity Share Capital					
The Karur Vysya Bank ltd	10	12,811	2.21	6,537	1.94
Market Value as on 31.03.2011 Rs.399.05 Per Share					
Cholamandalam DBS Finance Ltd	10	1,000	0.16	1,000	0.16
Market Value as on 31.03.2011 Rs 174.90 Per Share					

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
i)Unquoted					
Debentures					
**Debentures of Apollo Health Street Limited Optionally Redeemable Convertible Debentures	160	3,682,725	589.24	3,682,725	589.24
Associates					
Family Health Plan Limited (Capital Reserve on Consolidation: Rs. 4.24 million ;31.03.2010 : Rs. 4.24 million)	10	490,000	24.73	490,000	22.06
* * Apollo Health Street Limited (Goodwill on Acquisition = Rs. 1,071.12 million ; 31.03.2010: Rs. 1,071.01million)	10	11,181,360	2,458.24	11,181,360	2,428.91
Others					
Sunrise Medicare Private Limited	10	250,000	0.39	250,000	0.39
Unquoted					
Current Investment - Others					
Current Investment (lower of cost and market value)					
Certificate of Deposit - HDFC Bank					
Non-Cumulative Fixed Deposits					
Others - Mutual Fund					
Reliance Income Fund Retail Plan - Growth Plan - Growth Option	10	30,231	0.70	30,231	0.70
Net Asset Value as on 31.03.2011 Rs. 32.2872 per unit Reliance Monthly Interval Fund Series II Institutional dividend plan (14,006,385 units purchased during the year)	10	14,006,385	140.13	-	-
Canara Robeco Floating Rate Short term Growth Fund (13,179,311 units purchased during the year)	10	13,179,311	200.00	-	-
HDFC FMP 100D March 2011 (2) Dividend Series XVII (18,000,000 units purchased during the year.	10	18,000,000	180.00	-	-
HDFC Quarterly Interval Fund - Plan C (8,995,233 units purchased during the year)	10	8,995,233	90.00	-	-
HDFC FMP 35D March 2011 (2) (12,000,000 units sold during the year)	10	12,000,000	120.00	-	-
DSP BlackRock Money Manager Fund - Institutional Plan - Daily Dividend (199,840 units purchased during the year, 1746 units cumulated during the year and 49,960 units sold during the year)	1,000	151,626	151.75	-	-
Kotak Liquid (Institutional Premium)-Daily Dividend Plan (16,355,770 units purchased during the year. 1,508 units cumulated during the year. 16,357,279 units sold during the year)	12.2281	-	-	-	-

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
Kotak Flexi Debt Scheme Institutional-Daily Dividend (19,907,285 units purchased during the year 54,906 units cumulated during the year 19,962,191 units sold during the year)	10	-		-	
Reliance Liquidity Fund- Daily Dividend Reinvestment Option (19,989,805 units purchased during the year. 1,868 units cumulated during the year. 19,991,673 units sold during the year)	10	-		-	
Reliance Money Management Fund Institutional Option-Daily Dividend plan 199,744 units purchased during the year. 2,086 units cumulated during the year. 201,831 units sold during the year)	1,000	-		-	
Reliance Liquid Fund Cash plan daily dividend option (12,565,632 units purchased during the year. 12,017 units cumulated during the year. 12,577,650 units sold during the year)	10	-		-	
HDFC Cash Management Fund-Savings Plan-Daily Dividend Reinvestment Option (47,008,386 units purchased during the year. 5,126 units cumulated during the year. 47,013,513 units sold during the year)	10	-		-	
HDFC Cash Management Fund-Treasury Advantage Plan 36,885,877 units purchased during the year. 323,282 units cumulated during the year. 37,209,160 sold during the year)	10	-		-	
HDFC Short term Opportunities Fund Dividend Payout Option (30,003,384 units purchased during the year.30,003,384 units sold during the year)	10	-		-	
HDFC Floating Rate Income fund Short term Plan (82,581,912 units purchased during the year. 40,075,201 units cumulated during the year. 122,657,114 units sold during the year)	10				
AIG Treasury Fund Super Institutional Plan-Daily Dividend Reinvestment Option (19,978,024 units purchased during the year. 270,151 units cumulated during the year. 20,248,175 units sold during the year)	10				
Canara Robeco InDigo quarterly dividend fund (10,000,000 units purchased during the year. 10,000,000 units sold during the year)	10				

Description	Face Value Rs.	31.03.2011 No of Equity Shares	31.03.2011 Rs.million	31.03.2010 No of Equity Shares	31.03.2010 Rs.million
ICICI Prudential Liquid Plan - Super Institutional- Daily Dividend Reinvestment Option (1,999,558 units purchased during the year. 217 units cumulated during the year.1,999,775 units sold during the year)	100				
ICICI Prudential Flexible Income Plan Premium- Daily Dividend Reinvestment Option (1,891,727 units purchased during the year. 17,144 units cumulated during the year 1,908,871 units sold during the year)	100				
4. Advance for Investments in shares for various projects under construction			136.48		332.20
			4,670.32		3,869.62
Add: Share of Joint Ventures			349.74		296.16
Refer clause 2 (C) (3) of Schedule J					
Total Investments			**5,020.06**		**4,165.78**
# Formerly Imperial Cancer Hospitals and Research Centre Limited					
## Formerly Apollo DKV Insurance Company Limited					
* Formerly Apollo Gleneagles PET CT Limited					
* * Formerly Apollo Health Street Private Limited					
Aggregate amount of Quoted Investments					
Market Value Rs. 664.58 million (31.03.2010 Rs. 848.61 million)			291.95		297.15
Aggregate amount of Unquoted Investment			4,591.63		3,536.43
Advance for Investments in shares			136.48		332.20
Total			**5,020.06**		**4,165.78**

Rs. in million

	31.03.2011		31.03.2010	
SCHEDULE (H)				
Current Assets, Loans & Advances				
A. Current Assets				
(1) Inventories (at cost)**				
(i) Medicines	1,238.02		1,060.88	
(ii) Stores, Spares	56.42		68.52	
(iii) Lab Materials	14.30		26.36	
(iv) Surgical Instruments	147.26		144.04	
(v) Other Consumables	100.98		86.43	
		1,556.98		1,386.23
Add : Share of Joint Ventures		27.46		26.01
Refer Clause 2 (C) (3) of Schedule J				
		1,584.44		1,412.24
(As taken, certified, and valued by management)				
(2) Sundry Debtors				
Refer Clause 21 of schedule J				
(a) Debtors Outstanding for a period exceeding six months	960.28		422.05	
Less : Provision for Bad Debts	24.95	935.33	13.48	408.57
(b) Other Debts		1,865.18		1,684.27
		2,800.51		2,092.84
Add : Share of Joint Ventures		202.63		135.54
Refer Clause 2 (C) (3) of Schedule J				
		3,003.14		2,228.38
(3) Cash and Bank Balances				
(a) Cash Balance on hand	51.57		35.92	
(b) Bank Balance:				
(i) with schedule Banks				
(a) On Current Account	1,008.19		1,752.01	
(b) On Deposit Account	519.85		1,126.68	
(ii) with non-scheduled Banks	10.30		46.26	
		1,589.91		2,960.87
Add : Share of Joint Ventures		190.61		155.85
Refer Clause 2 (C) (3) of Schedule J				
		1,780.52		3,116.72
B. Loans and Advances				
Refer Clause 21 of schedule J				
(4) Advances				
(i) For Capital Items	185.68		202.94	
(ii) To Suppliers	407.76		124.32	
(iii) Other Advances	1,472.57		1,501.92	
(iv) Staff Advances	36.20		38.01	
		2,102.21		1,867.19
(5) Advance Tax		1,586.53		1,754.76
(6) Deposits				
(a) With Government	57.39		51.28	
(b) With Others	718.90		611.86	
		776.29		663.14
(7) Prepaid Expenses		88.62		70.84
(8) Rent Receivables		2.48		4.33
(9) Service Charges Receivables		-		2.83
(10) Tax Deducted at Source		1,018.29		748.34
(11) Franchise Fees Receivable		11.10		6.57
		5,585.52		5,118.11
Add : Share of Joint Ventures		144.38		119.66
Refer Clause 2 (C) (3) of Schedule J				
		5,729.90		5,237.66
Total of Current Assets, Loans & Advances (A+B)		**12,098.00**		**11,995.00**
SCHEDULE (I)				
Miscellaneous Expenditure				
[To the extent not written off or adjusted)		-		-
(a) Preliminary & Other Expenses Including commission,brokerage underwriting of subscription of shares and debentures				
(b) Deferred Revenue Expenditure		-		0.12

Schedules to Consolidated Profit and Loss Account

Rs. in million

	31.03.2011		31.03.2010	
SCHEDULE - I				
Other Income				
(a) Interest Earned		100.25		95.88
(b) Dividend		18.84		94.66
(c) Income from Treasury Operations		11.77		31.35
(d) Profit on sale of Investment		0.03		81.72
(e) Profit on sale of Asset		0.13		0.60
(f) Exchange Gain		41.86		-
		172.88		304.21
Add : Share of Joint Ventures		13.64		18.18
Refer Clause 2 (C) (3) of Schedule J				
Total		**186.52**		**322.39**
SCHEDULE - II				
Operative Expenses				
Materials Consumed				
(a) Opening Stock	1,389.76		1,106.23	
ADD : Purchases	12,907.32		10,051.86	
Customs Duty	0.31		1.39	
Freight Charges	11.85		17.33	
	14,309.24		11,176.81	
LESS : Closing Stock	1,556.98	12,752.26	1,386.23	9,790.58
(b) Fees to Consultants		-		6.37
(c) Power & Fuel		429.05		343.92
(d) House Keeping Expenses		188.06		201.44
(e) Water Charges		44.81		38.68
		13,414.18		10,380.99
Add : Share of Joint Ventures		472.24		345.00
Refer Clause 2 (C) (3) of Schedule J				
Total		**13,886.42**		**10,725.99**
SCHEDULE - III				
Payments to and Provisions for Employees				
(a) Salaries & Wages		3,260.62		2,586.20
(b) Contribution to Provident Fund		161.13		135.00
(c) Employee State Insurance		23.14		17.79
(d) Provision on Retirement Obligation		82.12		60.21
(e) Staff Welfare Expenses		188.27		174.50
(f) Staff Education & Training		14.11		10.90
(g) Bonus		141.22		116.00
		3,870.61		3,100.60
Add : Share of Joint Ventures		280.55		207.33
Refer Clause 2 (C) (3) of Schedule J				
Total		**4,151.16**		**3,307.93**

Rs. in million

	31.03.2011		31.03.2010	
SCHEDULE - IV				
Adminstrative & Other Expenses				
(a) Rent		797.45		679.18
(b) Rates & Taxes		55.58		53.23
(c) Printing & Stationery		163.82		162.22
(d) Postage & Telegram		26.97		25.40
(e) Insurance		37.85		34.07
(f) Directors Sitting Fees		2.31		1.79
(g) Advertisement, Publicity & Marketing		436.26		273.75
(h) Travelling & Conveyance		220.69		173.20
(i) Subscriptions		9.08		7.95
(j) Security Charges		69.79		55.59
(k) Legal & Professional Fees		244.66		173.32
(l) Continuing Medical Education & Hospitality Expenses		9.24		11.22
(m) Hiring Charges		39.24		30.09
(n) Seminar Expenses		4.18		2.33
(o) Telephone Expenses		79.49		72.03
(p) Books & Periodicals		7.36		6.93
(q) Miscellaneous Expenses		88.92		74.82
(r) Investment Written off		0.00		5.56
(s) Bad Debts Written off		60.13		94.85
(t) Provision for Bad Debts		14.24		7.89
(u) Donations		13.64		4.05
(v) Royalty paid		0.67		1.23
(w) Repairs & Maintenance				
(i) Buildings	119.35		130.87	
(ii) Equipments	198.10		196.16	
(iii) Vehicles	26.14		20.51	
(iv) Office Maintenance & Others	175.81	519.40	112.14	459.68
(x) Loss on Sale of Assets		31.84		20.14
(y) Loss on Sale of Current Investment		1.66		0.43
(z) Outsourcing Expenses		413.94		333.49
		3,348.41		2,764.44
Add : Share of Joint Ventures		479.00		453.20
Refer Clause 2 (C) (3) of Schedule J				
Total		**3,827.41**		**3,217.64**
SCHEDULE - V				
Financial Expenses				
(a) Interest on				
(i) Fixed Loans	557.25		405.32	
(ii) Fixed Deposits	50.31		29.90	
(iii) Debentures	14.96	622.52	-	435.22
(b) Bank Charges		37.16		31.94
(c) Brokerage & Commission		2.09		2.63
(d) Foreign Exchange Loss		35.87		17.58
		697.64		487.37
Add : Share of Joint Ventures		116.71		114.69
Refer Clause 2 (C) (3) of Schedule J				
Total		**814.35**		**602.06**

Notes Forming Part of the Accounts

Schedule (J)

Accounting Policies & Notes Forming Part of 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 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 judgements 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 the Companies Act,1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

Western Hospitals Corporation 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 the Companies (Accounting Standards) Rules,2006. 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 as notified under the Companies (Accounting Standards) Rules, 2006 to the extent applicable. The financial statements have been prepared on historical cost convention and on accrual basis as a going concern.

Family Health Plan (TPA) Limited

The Company is a small and medium sized Company as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act,1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium sized Company.

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 2011	% of holding as on 31st March 2010
Unique Home Health Care Limited	India	100	100
AB Medical Centres Limited	India	100	100
Apollo Health and Lifestyle Limited ##	India	100	86.95
Samudra Healthcare Enterprise Limited	India	100	100
Imperial Hospital & Research Centre Limited #	India	51	51
Apollo Hospital (UK) Limited	United Kingdom	100	100
Pinakini Hospitals Limited	India	74.94	74.94
Apollo Cosmetic Surgical Centre Private Limited	India	61	66.91
Alliance Medicorp (India) Limited	India	51	-
ISIS Healthcare India Private Limited*	India	*	-
Mera Healthcare Private Limited*	India	*	-
Alliance Dental Care Private Limited@	India	@	-

##100% subsidiary of Apollo Hospitals Enterprise Limited during the year
#Formerly Imperial Cancer Hospital & Research Centre Limited
* 100% subsidiary of Apollo Health and Lifestyle Limited.
@ Subsidiary of Alliance Medicorp (India) Limited.

2. Financial Statements of all the subsidiaries have been drawn upto 31st March 2011.

3. Minority Interest consists of their share in the net assets of the subsidiaries, as on the date of Balance Sheet.

4. The amount of Deferred Revenue Expenditure (attributable to the Parent Company) not written off at the end of the financial year immediately preceding the date of acquisition of a Subsidiary Company has been duly adjusted and the amount appearing as deferred revenue expenditure in the Balance Sheet are those pertaining to the post acquisition period.

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 2011	Proportion of ownership interest (%) as on 31st March 2010
Indraprastha Medical Corporation Limited.	India	21.06	20.75
Family Health Plan (TPA) Limited .	India	49	49
Apollo Health Street Limited *	India	39.38*	39.46*
Stemcyte India Therapautics Private Limited	India	13.05	13.05

* Apollo Hospitals Enterprise Limited directly holds 38.69% in Apollo Health Street Limited (formerly Apollo Health Street Private Limited) and a further 0.69% through its wholly owned subsidiary Unique Home Health Care Ltd.

2. The financial statements of all associates are drawn upto 31st March 2011.

3. The Board of Directors at its meeting held on 20th April 2011 has approved divestment of the Company's investment in British American Enterprises Limited, Mauritius. As approved by the board, the shareholders agreement will be replaced by operation Management Agreement and Franchisee Agreement with effect from January 2011. Based on the clause 7 of Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) the management has excluded this Company being treated as an associate for the year ended 31st March 2011.
4. In the case of Stemcyte India Therapautics Limited, an associate, unaudited management report have been taken for consolidation

C. Interests 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 2011	Proportion of ownership interest (%) as on 31st March 2010
Apollo Gleneagles Hospitals Limited	India	50	50
Apollo Gleneagles PET – CT Private Limited#	India	50	50
Apollo Hospitals International Limited **	India	50**	50**
Western Hospitals Corporation Private Limited	India	40	40
Apollo Munich Health Insurance Company Limited*	India	11.01	16.71
Apollo Lavasa Health Corporation Limited ***	India	34.66	6.77
Quintiles Phase One Clinical Trials India Private Limited	India	40	40

Formerly Apollo Gleneagles PET CT Limited.
* Formerly known as Apollo DKV Insurance Company Limited.

** Apollo Hospitals Enterprise Limited directly holds 8% in Apollo Hospitals International Limited and a further 42% through its wholly owned subsidiary Unique Home Health Care Limited.

*** Apollo Lavasa Health Corporation Limited has been considered as joint venture based on the substance of the agreement between Apollo Lavasa Health Corporation Limited and Apollo Hospitals Enterprise Limited.

2. The Financial statements of all the Joint Ventures are drawn upto 31st March 2011.

3. The Group's interests in the Joint Ventures accounted for using proportionate consolidation in the Consolidated Financial Statements are:

(Rs. in million)

I	ASSETS	As at 31st March 2011	As at 31st March 2010
	1.Net Fixed Assets	1,929.84	1,576.39
	2. Capital Work-in-Progress	29.00	294.20
	3.Investments	349.74	296.16
	4.Current Assets, Loans and Advances		
	a) Inventories	27.46	26.01
	b) Sundry Debtors	202.63	135.53
	c) Cash and Bank Balances	190.61	155.86
	d) Loans and Advances	144.38	119.66
	5. Deferred Tax Asset	107.46	99.34

II	**LIABILITIES**		
	1.Secured Loans	957.23	1,073.76
	2.Unsecured Loans	239.56	169.41
	3.Current Liabilities and Provisions		
	a) Liabilities	684.57	525.33
	b) Provisions	9.06	0.11
	4. Deferred Tax Liability	1.48	-
III	**INCOME**	**As at 31st March 2011**	**As at 31st March 2010**
	1.Income from Healthcare Services	1,416.94	1,058.14
	2.Other Income	13.64	18.18
IV	**EXPENSE**		
	1.Operating Expenses	472.24	345.00
	2.Payment and provisions to employees	280.55	207.33
	3. Administrative and other expense	479.00	453.20
	4. Financial expense	116.71	114.69
	5.Depreciation / Amortisation	139.12	117.90
	6.Profit Before Taxation	(57.04)	(161.80)
	7.Provision for Taxation (Including Deferred Tax Liability and Fringe Benefit Tax)	3.80	2.66
	8.Deferred Tax Asset	9.82	-
	9.Proft after taxation before minority interests	(51.02)	(164.46)
	10.Minority interests	-	-
	11.Net Profit	(51.02)	(164.46)
V	**OTHER MATTERS**	**As at 31st March 2011**	**As at 31st March 2010**
	1. Contingent Liabilities	178.65	153.67
	2. Capital Commitments	17.00	84.56

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 2011, the Company (AHEL) has been exempted from publishing the standalone accounts of all twelve 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 Balance Sheet, Income and Expenditure have 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 in conformity with generally accepted accounting principles 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

Apollo Hospitals Enterprise Limited

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 the 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. (Also refer Note 12 in the Notes forming part of Accounts).

Alliance Medicorp (India) Limited

Inventories are stated at lower of cost or net realisable value. Cost of inventory comprises cost of purchase of inventories. Net realisable value represent the estimated selling price less all estimated cost necessary to complete the sale.

Apollo Gleneagles Hospitals Limited

Inventories are valued at lower of the cost or net realisable 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.

Indraprastha Medical Corporation Limited

i) Inventories are valued at lower of cost and net realisable 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 Rs.5,000/- and below are fully depreciated in the year of acquisition.

Apollo Hospitals Enterprise Limited

v. Amortisation

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 lease term as per Clause 3 of AS 19 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006.

b. A lease rental on operating leases is recognised as an expense in the Profit & Loss Account 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.

Apollo Cosmetic Surgical Centre Private Limited

Depreciation on fixed assets has been provided on "Written Down Value" method as per Schedule XIV of the Companies Act, 1956.

A.B. Medical Centres Limited

Depreciation on Fixed Assets purchased before December 1993 are provided on 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 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 & Fittings	6.33%
Leasehold Improvements	20.00%
Leasehold Improvements – Furniture	6.33%
Office Equipment	4.75%
Air Conditioners	4.75%
Electrical Installation	4.75%
Computers & Software	16.21%
Broadband Connections	16.21%
Vehicles	9.50%
Medical Equipment	7.07%

Fixed Assets having an original cost less than Rs. 5000/- individually are fully depreciated in the year of purchase or installation.

Alliance Medicorp (India) Limited

Depreciation is provided on Written Down Value method as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

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 Equipment	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 Rs. 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.

Apollo Gleneagles Hospital 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.

Quintiles Phase One Clinical Trials India Private Limited

Depreciation on fixed 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 asset, 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 fixed assets are as follows:

Type of Asset	Rate of Depreciation (p.a)
Furniture	15%
Computers	20%
Office Equipment	15%
Hospital Equipment	15%
Vehicles	20%

Fixed Assets Costing less than Rs. 5,000/- and mobile phones are depreciated fully in the year of purchase.
Leasehold Improvements are amortised over the primary period of lease i.e 5 years.
Computer Software is amortised over a period of 4 years on Straight Line Method.

Family Health Plan (TPA) Limited

Depreciation of fixed assets has been provided on Written Down Value method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on new assets acquired during the period April 2010 to March 2011 has been provided at the rates applicable from the date of its acquisition to the end of the financial year.

Apollo Health Street Limited

Depreciation and amortisation is provided using the Straight Line Method ("SLM"), at the rates based on useful life of the assets estimated by Management or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher, as mentioned below:

Nature of the Fixed Assets	Rates considered Schedule XIV Rates
Computers and Computer Equipment	16.21%
Office Equipment	4.75%
Furniture and Fixtures	6.33%
Vehicles	9.75%
Leasehold Improvements	Shorter of lease period and estimated useful life of such assets

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 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, 1956. 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 Rs.5000/- each, individually have been depreciated in the year of purchase.

b. When impairment loss/ reversal is recognised, 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
Apollo Hospitals Enterprise Limited

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 2011.
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 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.

Apollo Health and Lifestyle Limited

The Company has recognized revenue as follows.

One Time License Fees
With reference to Clinics the One Time License fee is recognised 70% on signing the MOU and 15% on completion of 3 months from date of signing MOU and balance 15% on commencing of operation.

With Reference to Cradle the One Time License fee is recognized based on percentage of Completion method.

Operating License Fee

Operating License Fee is recognised as a percentage of the gross sales. For Clinics or Cradles which became operational during the current year from the date of the commencement of its operations.

Owned clinics operational income

Owned clinics are recognising the revenues on basis of the services rendered on cash or on accrual basis whichever is earlier

Corporate services Fee

Corporate services fee is recognised on basis of the services rendered and as per the terms of the agreement.

Other Incomes

All other incomes are recognised on a pro-rata basis, based on the completion of work and as per the terms of the agreement.

All the above incomes are recognised net of Service tax or VAT wherever applicable.

Unique Home Health Care Limited

i) Income from medical services is recognised net of payment to Medical staff.

ii) Income from Hostel Receipts is recognised net of payment made towards Hostel Rent and Mess Expenses and is accounted on accrual basis

Alliance Medicorp (India) Limited

Dialysis income is recognised as and when the related services are performed.

Other income is accounted on accrual basis except where receipt of income is uncertain.

Quintiles Phase One Clinical Trials India Private Limited

Income from fixed deposits is recognised on a time proportion basis taking into account the amount invested and the rate of interest.

Apollo Munich Health Insurance Company Limited

i. Premium

Premium (net of service tax) is recognised 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.

ii. Commission on Reinsurance Premium

Commission on reinsurance ceded is recognised 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.

iii. Premium Deficiency

Premium deficiency is recognised 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.

iv. 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.

v. Interest / Dividend Income

Interest income is recognised on accrual basis. Accretion of discounts and amortisation of premium relating to debt securities is recognised over holding /maturity period.

Family Health Plan (TPA) Limited

The revenue from Third Party Agreement (TPA) operations is accounted in line with the wordings in the mediclaim policy, which specifies the conditions under which the premium paid will be refunded, thereby aligning the revenue recognition with the policy wordings.

All other streams of revenue are being recognized on accrual basis and pro-rated till the end of the financial year as on 31st March 2011. Income from Third Party Agreement (TPA) operations is recognised inclusive of applicable service tax

Indraprastha Medical Corporation Limited

(i) Revenue is recognised 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 on 31st March 2011.

(ii) Under the "Served from India Scheme" introduced by Government of India, an exporter of service is entitled to certain export on foreign currency earned. The revenue in respect of export benefits is recognised on the basis of foreign exchange earned during the year 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 the ultimate collection.

Apollo Health Street Limited

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company recognises revenue from the last billing date to the Balance Sheet date for work performed but not billed as unbilled revenues which are included in other current assets.

The Company recognises revenue on the following basis:

a) Revenue cycle Management Services Fees for services are primarily based on percentage of net collections on clients' accounts receivable. Revenue is recognised when the right to receive such revenue is established.

b) Professional services fees including medical coding and billing services on rendering of the services based on the terms of the agreements/arrangements with the concerned parties.

c) Time and material contracts revenues are recognised on the basis of time spent and duly approved by the respective customers.

d) Software development and implementation Software development.

   On the basis of software developed and billed, as per the terms of contracts based on milestones achieved under the percentage of completion method.

   Software implementation

   On the completion of installation based on the terms of arrangements with the concerned parties.

e) Interest Revenue is recognised on a time proportionate basis taking into account the amounts outstanding and the rates applicable.

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 Clause N 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 outstanding advances paid to acquire fixed assets 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 cost of assets on projects under implementation is included under Capital work- in –progress, pending allocation to the assets.

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 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 Profit & Loss Account 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 12 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, are recognised in the Profit and Loss Account which is in accordance with Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", (Also refer Note 12 in the Notes forming part of Accounts).

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. All outstanding derivative instruments at close are marked to market by type of risk and the resultant profits/losses relating to the year, if any, are recognised in the Profit and Loss Account. (Also refer Note 19 in the Notes forming part of Accounts).

Western Hospitals Corporation Private Limited

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Monetary items denominated in foreign currency are translated into rupees at the rates of exchange prevailing on the date of the Balance Sheet. The gain/losses arising on restatement/settlement are dealt with in the Profit and Loss Account.

Apollo Health Street Limited

Initial recognition

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

Conversion

Foreign currency monetary items are reported using the closing rate. Non – Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction.

a. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

b. Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

c. Foreign Branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation are those of the Company itself.

d. Foreign currency translation

The reporting currency for AHSL and its domestic subsidiary is the Indian Rupee. The subsidiaries have been identified as non-integral operations as they accumulate cash and other monetary items, incur expenses, generate income and arrange borrowings, substantially in their local currency. Assets and Liabilities, both monetary and non-monetary of overseas subsidiaries are translated at the exchange rates as at the date of Balance Sheet. Income and expenses are translated at the average exchange rate for the reporting period. Resultant currency translation exchange gain or loss is carried as foreign currency translation reserve until the disposal of the net investment.

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 Profit and Loss Account.

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

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 Health and Lifestyle Limited

Investments are valued at Lower of Cost and Fair Value, Investment in Sunrise Medicare Private Limited has been valued based on the Book value in the financial year 2010-11 and the present book value of the investment is Rs.0.39 million.

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 amortisation 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. Unrealised 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. Unrealised gains/losses are credited /debited to the 'Fair Value Change Account'.

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 Profit and Loss Account for the period in which they occur.

a. Gratuity

The Company makes annual contribution 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 and 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 class of employees of 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.

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.

Imperial Hospital & Research Centre Limited

a. Gratuity: The Company has contribution towards a recognised Gratuity Fund. The contributions are accounted on payments basis.
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: The Company pays leave encashment benefits to Employees as and when claimed, subject to the policies of the Company.

a. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at each Balance Sheet date. The actuarial valuation is done as per projected unit credit method.
b. Retention bonus is provided based on actuarial valuation made at the end of each year. The actuarial valuation is done as per projected unit credit method.
c. Actuarial gains/losses are recognised in the Profit and Loss Account as they arise.

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:

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 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. 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 asset are not recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. 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.

Apollo Health Street Limited

Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the tax laws as applicable to the respective consolidated entities. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified year.

N. 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

O. Bad Debts Policy

Apollo Hospitals Enterprise Limited

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
upto 1 year	0%
1-2 years	25%
2-3 years	50%
Over 3 years	100%

P. Miscellaneous Expenditure

Preliminary, Public Issue, Rights Issue Expenses and Expenses on Private Placement of shares are amortised over a period of 10 years.

Imperial Hospital & Research Centre Limited

Preliminary and pre-operative expenses are amortised over a period of 5 years.

Western Hospitals Corporation Private Limited

It is the Company's intention to capitalise/charge off the Pre-operative Expenses when commercial operations begin, in accordance with the generally accepted accounting principles. Preliminary Expenses will be written off fully in the year of commencement of commercial operations.

Apollo Health Street Limited

Cost incurred on raising funds are amortised equally over the period for which funds are acquired.

Q. Intangible Assets

Apollo Hospitals Enterprise Limited

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

Trademark and Concept Rights

The Company has entered into an agreement with Apollo Hospitals Enterprise Limited towards the usage of "Apollo" name by the Company for the franchisee clinics and also for the concept of franchisee mode of business, for this the Company paid Rs. 29.10 million the Company has a policy of amortising a fixed proportion of this license amount each time a clinic comes into operation.

Imperial Hospital & Research Centre Limited

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/ amortized over a period of 5 years.

Indraprastha Medical Corporation Limited

Intangible Assets are stated at cost less accumulated amortisation.

Amortisation of Intangible Assets

Intangible assets are amortised on Straight – Line Method over the estimated useful life of the assets. The useful life of the intangible assets for the purpose of amortisation is estimated to be three years.

Apollo Health Street Limited

An intangible asset is recognised, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation. Goodwill arising on consolidation of acquired subsidiaries is carried at cost.

Cost of software is amortised on straight line basis over the stipulated license period and for software without any stipulated license period over one to 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. Lease

a. 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 Profit and Loss Account on a straight-line basis over the lease term.

b. Finance lease

Apollo Health Street Limited

Leases, which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed as incurred.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

T. Membership Fees

Unique Home Health Care Limited

Non-repayable membership fee collected from patients are accounted as Capital Fund treating them as Capital Receipts.

U. Share Based Payments

Apollo Health Street Limited

Employee compensation expenses, where applicable, in respect of stock options granted to the employees are recognised over the vesting period of the option on straight line basis using intrinsic value method as prescribed in "Guidance Note on Accounting for Employee Share-based payments" issued by the Institute of Chartered Accountants of India.

V. Financial Instruments

Apollo Health Street Limited

Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the loss is charged to the income statement. Gains are ignored.

W. Insurance-related Policies

Apollo Munich Health Insurance Company Limited

a. 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 there insurance arrangements.

b. 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.

c. Advance premium

Advance premium represents premium received in respect of those policies issued during the year where the risk commences subsequent to the Balance Sheet date.

d. 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 / co insurers to the extent there is a reasonable certainty of realisation. These estimates are progressively re-valued on availability of further information.

e. 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

f. Allocation of Investment Income

Investment income is apportioned to Profit and Loss Account and Revenue Account in the ratio of average of shareholder's funds and policy holders funds at the end of each month.

g. Fair Value Change Account

'Fair Value Change Account' represents unrealised 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.

h. Profit / Loss on Sale / Redemption of Investments

Profit or loss on sale / redemption of investments, being the difference between sale consideration or redemption value and carrying value of investments is credited or charged to Profit and Loss Account. The profit / loss on sale of investments include accumulated changes in the fair value previously recognised in 'Fair Value Change Account'' in respect of a particular security.

i. 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. 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	Dr. Prathap C Reddy	Key Management Personnel
2	Smt. Preetha Reddy	
3	Smt. Suneeta Reddy	
4	Smt. Sangita Reddy	
5	Smt. Shobana Kamineni	

6	PCR Investments Limited	
7	Indian Hospitals Corporation Limited	
8	Apollo Sindoori Hotels Limited	
9	PPN Power Generating Company Private Limited	
10	Health Super Hiway Private Limited	
11	Faber Sindoori Management Services Private Limited	
12	Ashok Birla Apollo Hospitals Private Limited	
13	Apollo Mumbai Hospital Limited	
14	Lifetime Wellness Rx International Limited	
15	Apollo Clinical Excellence Solutions Limited	
16	PPN Holding Private Limited	
17	Preetha Investments Private Limited	
18	PPN Power Generation (Unit II) Private Limited	
19	PDR Investments Private Limited	
20	TRAC India Private Limited	
21	PPN Holdings (Alfa) Private Limited	
22	Aircel Limited	
23	Aircel Cellular Limited	
24	Dishnet Wireless Limited	
25	Apollo Infrastructure Project Finance Company Limited	
26	Vasumathi Spinning Mills Limited	
27	Kalpatharu Infrastructure Development Company Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
28	Sindya Power Generating Company Private Limited	
29	Sindya Holdings Private Limited	
30	Sindya resources Pte.Ltd. Singapore	
31	Garuda Energy Private Ltd	
32	Deccan Digital Networks Private Limited	
33	Kalpatharu Enterprises Private Limited	
34	Sirkazhi Port Private Limited	
35	Sindya Builders Private Limited	
36	Tharani Energy India Private Limited	
37	Apollo Energy Company Ltd	
38	KAR Auto Private Limited	
39	Healthnet Global Ltd	
40	Sindya Infrastructure Development Company Private Limited	
41	Associated Electrical Agencies	
42	P. Obul Reddy & Sons	
43	Apex Builders	
44	Apex Construction	
45	Kei Energy Private Limited	
46	Kamineni Builders Private Limited	
47	Primetime Recreations Private Limited	

48	Kiddy Concepts Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence
49	Kei Vita Private Limited	
50	Kei Rajamahendri Resorts Private Limited	
51	KEI-RSOS Petroleum and Energy Private Limited	
52	KEI-RSOS Shipping Private Limited	
53	Peninsular Tankers Private Limited	
54	Kei Health Highway Private Limited	
55	Keimed Limited	
56	Medvarsity Online Limited	
57	Spectra Clinical Laboratory	
58	Kamineni Builders	
59	Universal Quality Services LLC	
60	Apollo Health Resources Limited	
61	Mr.Antony Jacob	Key management personnel of Apollo Munich Health Insurance Company Ltd*
62	Cadila Pharmaceuticals Ltd	Significant Control (Apollo Hospital International Limited)
63	Munchener Ruckversicherung Gesellschaft	Associates of Apollo Munich Health Insurance Company Limited*
64	Emed Life Insurance Broking Services Ltd	
65	Indo German Chamber of Commerce	
66	Lavasa Corporation Limited	Parent Company of Apollo Lavasa Health Corporation Limited
67	Full Spectrum Adventure Limited	Fellow subsidiaries of Apollo Lavasa Health Corporation Limited
68	My City Technology Limited	
69	Reasonable Housing Limited	
70	Hindustan Construction Company limited (HCC)	Ultimate parent Company of Apollo Lavasa Health Corporation Limited
71	Quintiles Mauritius Holding	Parent Company of Quintiles Phase One Clinical Trials India Private Limited
72	Quintiles Transnational, USA	Ultimate parent Company of Quintiles Phase One Clinical Trials India Private Limited
73	Quintiles,Pacific,Inc.,USA	Subsidiaries of Quintiles Phase One Clinical Trials India Private Limited
74	Quintiles,Ltd.,UK	
75	Quintiles,East Asia Pte,Ltd,Singapore	
76	Trivitron Healthcare Private Limited	Significant Control (Alliance Medicorp (India) Limited)
77	Family Health Plan Limited	Associates
78	Apollo Health Street Limited	
79	Indraprastha Medical Corporation Limited	
80	Stemcyte India Therapautics Private Limited	

* (Formerly Apollo DKV Insurance Company Limited)

(Rs. in million)

Sl No	Name of Related Parties	Nature of Transaction	31.03.2011	31.03.2010
1	Family Health Plan (TPA) Limited	a) Reimbursement of Expenses	-	3.17
		b) Premium Income	2.17	1.30
		c) Claim Payments	2.38	0.24
		d) TPA Fees	61.78	31.18
		e) Payables as at year end	0.52	1.19
		f) Other Transactions during the period	-	4.13
2	Apollo Health Street Limited	a) Rent received	19.92	18.72
		b) Receivables as at year end	1.42	5.24
		c) Interest Receivable	61.89	-
		d) Premium Income	0.66	-
3	Indraprastha Medical Corporation Limited	a) Receivables as at year end	144.18	79.39
		b) Dividend Received	30.60	20.66
		c) Commission on Turnover	40.85	30.84
		d) Transaction during the period	0.12	-
		e) License Fees	9.48	9.48
		f) Pharmacy income	1,052.02	926.10
		g) Premium Income	26.19	20.03
		h) Claim Payments	29.31	24.70
		i) Expenses towards services rendered	0.02	0.66
		j) Advance premium received	-	24.90
		k) Reimbrusement of Expenses	-	0.58
		l) Payment for Service rendered	-	0.67
		m) Deputation Charges	0.53	4.89
4	Stemcyte India Thera-pautics Private Limited	a) Payable as at year end	-	20.00
		b) Unsecured Loan	4.05	-
5	Dr. Prathap.C.Reddy	a) Remuneration paid	137.12	109.44
6	Smt. Preetha Reddy.	a) Remuneration paid	54.84	43.77
7	Smt. Suneeta Reddy.	a) Remuneration paid	34.27	27.36
8	Smt. Sangita Reddy.	a) Remuneration paid	13.71	10.94
9	Smt. Shobana Kamineni	a) Remuneration paid	13.71	1.82
		b) Expenses towards services rendered	4.80	4.80

10	Apollo Sindoori Hotels Limited	a) Payables as at year end	6.58	11.20
		b) Reimbursement of Expenses	6.96	-
		c) Transactions during the period	133.24	141.57
		d) F&B Services	27.71	2.92
11	Health Super Hiway Private Limited	a) Advance for Investment in Health Super Hiway	-	28.43
		b) Receivables as at year end	3.50	-
		c) Investment in Equity	24.01	2.01
		d) Payables as at year end	-	0.37
		e) Consultancy Charges	2.32	-
12	Faber Sindoori Management Services Private Limited	a) Payables as at year end	12.08	12.11
		b) Transactions during the period	126.00	118.95
		c) Reimbursement of Expenses	0.91	-
		d) Housekeeping services availed	54.74	12.14
		e) Premium Income	1.99	-
13	Lifetime Wellness Rx International Limited	a) Payables as at year end	0.23	0.42
		b) Transactions during the period	4.90	1.83
		c) Payment for Service rendered	-	5.84
		d) Expenses towards service rendered	1.82	4.01
14	P. Obul Reddy & Sons	a) Payables as at year end	2.21	0.17
		b) Transaction during the period	13.88	17.50
		c) Receivables as at year end	-	0.14
		d) Reimbursement of Expenses	0.12	-
15	Keimed Limited	a) Payables as at year end	0.76	48.58
		b) Purchases	2,635.08	1,648.30
		c) Transaction during the year	-	31.24
		d) Pharmacy Income	0.31	-
16	Medvarsity Online Limited	a) Rent received	0.86	0.79
		b) Transaction during the period	-	0.01
17	Apollo Health Resources Limited	a) Receivables as at year end	11.75	11.77
		b) Transaction during the period	0.31	0.11
18	Apollo Mumbai Hospital Limited	a) Receivables as at year end	6.23	6.13
		b) Reimbursement of Expenses	8.88	12.98
		c) Pharmacy income	3.12	-
19	Aircell Cellular Limited	a) Payables as at year end	0.88	0.20
		b) Transaction during the period	3.26	2.25
20	Dishnet Wireless Limited	a) Payables as at year end	0.14	0.05
		b) Transaction during the period	0.25	0.16
		c) Expenses towards service rendered	1.41	-
21	Cadila Pharmaceuticals Limited	a) Payables as at year end	0.38	-
		b) Transactions during the period	1.64	-
		c) Unsecured Loan	109.26	10.23

22	Quintiles Transnational, USA	a) Payables as at year end	6.05	0.22
		b) Computer Supplies and Maintanance	4.67	-
		c) Legal & Professional Fees	1.37	0.22
23	Quintiles Mauritius Holding Inc	a) Share Capital issued	90.00	61.20
24	Health Net Global Private Ltd	a) Expenses towards services rendered	1.14	1.54
		b) Premium Income	0.18	-
		c) Payment for Service rendered	-	1.19
25	Munchener Ruckversicherung Gesellschaft	a) Premium on cessions to re-insurers	17.16	17.85
		b)Re insurance commission earned	-	0.04
		c)Losses recovered from re-insurers	5.91	4.48
		d) Payables as at year end	3.53	3.70
26	Emed Life Insurance Broking Services Ltd	a) Payables as at year end	-	3.14
		b) Expenses for services rendered	2.61	10.05
		c) Premium Income	-	0.04
27	Ashok Birla Apollo Hospitals Private Limited	a)Advance for Investment	5.00	5.00
28	Lavasa Corporation Limited	a) Operating Income	4.50	-
		b) Purchase of Fixed Assets	0.27	612.45
		c) Inter Corporate Deposit Received	73.23	121.53
		d) Inter Corporate Deposit Paid	73.55	0.22
		b) Expenses towards services rendered	-	72.84
		e) Interest paid on inter corporate deposit	8.54	5.46
		f) Project and other services received	3.87	124.58
		g) Inter Corporate Deposit outstanding	48.36	48.69
		h) Interest Accrued and due on above	11.03	3.43
		i) Equity Share Capital	7.59	5.89
		j) Payable as at year end	0.43	-
29	Full Spectrum Adventure Limited	a) Operating Income	0.29	-
30	My City Technology Ltd	a) Purchase of Fixed Assets	1.39	-
		b) Payable as at year end	1.37	-
31	Reasonable Housing Limited	Included in Loans & Advances	0.29	-
32	Hindustan Construction Company	Included in Loans & Advances	0.33	-
33	Gulabchand Foundation	Included in Loans & Advances	6.50	-
34	Mr.Antony Jacob	a) Premium Income	0.01	-
		b) Expenses towards services rendered	11.44	1.19
35	Apollo Hospitals Education Research Foundation	a) Reimbursement of Expenses	0.77	-
36	Trivitron Healthcare Private Limited	a) Purchase of Plant & Machinery	1.87	-
		b) Purchase of Consumables	0.17	-

In case of other related parties, there are no transactions with the Group.

5. Contingent Liabilities

a. Claims against the group not acknowledged as debts Rs. 511.62 million (Rs. 436.45 million).

b. Estimated amount of contracts remaining to be executed on capital account not provided for on account of the expansion cum diversification programme of the group Rs. 8,230.69 million (Rs.4,542.70 million).

c. Export obligation to be fulfilled by the group in the next eight years on availing of concessional excise duty on imports under 3% EPCG Scheme to the extent of eight times the duty saved, amounts to Rs. 1,404.37 million (Rs. 905.45 million). The amount of duty saved for the year ended 31st March 2011 was Rs. 52.18 million (Rs. 37.00 million).

d. (i) Letters of credit related to the group opened by various banks in favour of foreign suppliers for consumables, spares, medicines and medical equipment amounts to Rs. 145.03 million (Rs. 175.50 million).

(ii) Bank Guarantees for the group as on 31st March 2011 is Rs.217.57 million (Rs. 224.76 million).

(iii) Corporate Guarantees with respect to the parent Company

(Rs. in million)

Particulars	In Favour of	As at 31st March 2011	As at 31st March 2010
By Apollo Hospitals Enterprise Limited on behalf of Apollo Hospitals International Limited	IDBI	50.00	50.00
	IDFC	157.50	157.50
TOTAL		207.50	207.50

e. Apollo Hospitals Enterprise Limited

The Company filed a Special Leave Petition on 6th May 2008 before the Honourable Supreme Court against the judgement of the Divisional Bench of the Madras High Court dated 10th March 2008 allowing the reopening of the assessment for Assessment Year 2000-01 and disallowing the claim for set off of the unabsorbed depreciation. The Special Leave Petition has been admitted by the Honourable Supreme Court on 15th May 2008. The Assessment Officer completed the assessment and raised a demand of Rs. 136.76 million which has since been stayed by the Honourable Supreme Court in its order dated 16th June 2008. This amount has been treated as a contingent liability for the year ended 31st March 2011 until the disposal of the case by Honourable Supreme Court.

The Company has to pay a sum of Rs.5.31 million by way of Redemption Premium to International Finance Corporation (IFC), Washington as on 31st March 2011 if the FCCB conversion option is not exercised by IFC. On 9th December 2010, the Company converted FCCBs equivalent to US $ 7.5 million into 1.14 million equity shares of Rs. 5/- each. For the balance US $ 7.5 million the Company has not received any Conversion request from IFC, so the same has not been provided in the books and has been treated as a contingent liability (Also refer Note 10 in the Notes forming part of Accounts)

The estimated customs duty guarantees given by the Company in favour of the Assistant Collector of Customs, pending receipt of customs duty exemption certificates amounts to Rs. 99.70 million (Rs. 99.70 million).

- This is subject to the result of writ petition pending in the Madras High Court with respect to the Chennai Hospital division Rs. 73.71 million (Rs. 73.71 million).
- Application has been made for duty exemption certificates by the erstwhile Indian Hospitals Corporation Limited (Pharmaceutical division), which is pending with the Government. The estimated customs duty is Rs. 14.82 million (Rs. 14.82 million).
- The Company has executed bonds in favour of the President of India to the extent of Rs. 11.16 million (Rs. 11.16 million) pending its application for receipt of customs duty exemption certificates from the Government.

Demand raised by Deputy Commissioner of Commercial Taxes (Enforcement) for VAT payable on the sale of Food and Beverages to the Patients, against which the Company has preferred an appeal with the Joint Commissioner of Commercial Taxes(Appeals) Mysore is Rs. 2.27 million (Rs. 1.27 million)

Additional liability for payment of sales tax on work orders pursuant to court proceedings between contractors and the State governments amounts to Rs.0.21 million (Rs.0.21 million)

In respect of the claim for sales tax made by the Commercial Tax Department for Rs.1.65 million (Rs.1.01 million) for the various assessment years, the matter is under contest.

Apollo Health and Lifestyle Limited

The Company had received a Show cause notice from VAT authorities claiming that Franchise Services come under the scope of VAT and issued an Assessment Order for payment of Rs.0.31 million. For rest of India services they assessed CST of Rs.12.6 million for the period from 1st April 2005 till 31st March 2008.

The Company followed appeal procedures within Commercial Tax Assessing Authorities and filed a petition in AP High Court for CST and Court has issued a stay order, and directed AHLL to remit Rs.5.6 million in 30days.

The Company moved to the Supreme Court and filed a Special Leave Petition (SPL) by challenging the AP High Court Order. Supreme Court rejected the SPL since the issue is pending with AP High Court.

The Company has remitted Rs. 5.6 million as per the AP High Court Order before the due date.

The Deputy Commissioner appeals partly allowed the appeal and directed the CTO for the reassessment.

Apollo Munich Health Insurance Company Limited

(Rs. in million)

Particulars	As at 31st March 2011	As at 31st March 2010
Guarantees given by or on behalf of the Company	2.10	1.30
Statutory demands / Liabilities in dispute, not provided for	16.66	15.23
Others*	82.70	91.80

* Represents amount payable on cancellation of service contract.

Indraprastha Medical Corporation Limited

In respect of other matters Rs. 45.64 million (Previous Year “Nil”)

Apollo Health Street Limited

- City of Chicago has raised a claim for US$ 1.86 million (Rs. 83.05 million) [including US$ 0.83 million (Rs.37.06 million) for legal and consultants fees] against Health Receivables Management Inc. for indemnification of loss as per the Professional Service Agreement. Management has challenged the claim raised and strongly believes that the claim is not sustainable and there would be no liability on this account. However, during the period, on a conservative basis the Group has made a provision of US$ 0.31 million (Rs.14.13 million), which is treated as an exceptional item.
- One of the employees of the Company’s subsidiary, AHSL has filed a Worker’s compensation claim against the aforesaid subsidiary. Further, she has also named AHSL as a defendant in a lawsuit between her and the subsidiary’s landlord. AHSL may be required under the lease agreement to indemnify the landlord for the claim. However, the matter is still under discovery stage and the amount is unascertainable. Management has challenged both these claims raised and believes that these claims are not sustainable and there would be no material future liability.
- Two employees of the Company’s Subsidiary, AHSL have filed complaint against the subsidiary for denying them with opportunity for equal employment and discrimination. Management is currently investigating the matter and believes that liability, if any, would not be material

* Against the above, ZIPL, has made payments amounting to Rs.11.70 million (31st March 2010 Rs.11.70 million) under protest.

Family Health Plan (TPA) Limited

The Commissioner of Customs, Central Excise and Service tax – Hyd.-II Commisionerate vide adjudication order number 08/2008 –Adjn- ST dated 24th March 2008 levied a penalty under section 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 Honourable Customs, Excise and Service tax Appellate Tribunal (South Zonal Bench) – Bangalore and got the appeal admitted and also got the stay order from the Honourable 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 hospitals on behalf of Insurance Companies along with the interest for the period of six preceding financial years based on the CBDT Circular No.08 of November 2009 and amount not quantified.

The Company has gone on appeal against the Show Cause Notice from the Income Tax Department and also the CBDT Circular No.08 of November 2009 at Chennai High Court for applicability of TDS on payments made to hospitals. The same is admitted and granted Stay of Operations of Show Cause Notice and also that of CBDT Circular.

6. The parent Company has pledged its 20.77 million (20.77 million) shares in Apollo Gleneagles Hospitals Limited as a security for the loan advanced by IDFC and HDFC to Apollo Gleneagles Hospitals Limited.

7. Capital Work –in-Progress comprises amounts spent on assets under construction and directly related pre-operative expenses. The amount of interest included in capital work in progress is Rs. 325.02 million (Rs. 170.60 million)*.
   * Includes Interest on Borrowings Capitalised for the year ended 31st March 2011 is Rs.154.42 million (Rs. 198.68 million) .

8. Details of utilization of funds received on preferential allotment of equity share warrants.

		Rs. in million	
A	Funds Received through Preferential Issue		
	Opening Balance as on 1st April 2010	-	
	Amount received from the Promoter during the year	685.07	
	Total Funds Received		685.07
B	Particulars of Utilisation		
	Capital Expenditure & Working Capital	298.02	
	Balance lying as Investment in mutual funds and fixed deposits	387.05	
	Total		685.07

9. Details of Secured Loans and Security

a. Indian Bank
Loan from Indian Bank is secured by way of

Hypothecation to the bank by way of First Charge of inventory of goods, produce and merchandise, vehicles, plant & machinery, consumer durables which are now in the possession of the Parent Company and/or to be purchased out of the bank's loan, book debts, outstanding monies, recoverable claims, bills, contracts, engagements, securities, investments and rights.

Pari passu charge on the Fixed Assets of the Company existing and future along with Bank of India, Canara Bank, Debenture Trustee and International Finance Corporation, Washington.

b. Bank of India
Loan from Bank of India is secured by way of pari passu charge on the Fixed Assets of the Parent Company existing and future along with Indian Bank, Canara Bank, Debenture Trustee and International Finance Corporation, Washington.

c. Canara Bank
The loan is secured by way of pari passu charge on the Fixed Assets of the Parent Company existing and future along with Indian Bank, Bank of India, Debenture Trustee and International Finance Corporation, Washington.

d. International Finance Corporation (IFC) (External Commercial Borrowings)

The Parent Company has been sanctioned a sum of US$ 35 million from International Finance Corporation (IFC), Washington by way of External Commercial Borrowings (ECB). The Company has withdrawn the full amount of US$ 35 million as of 31st March 2011 on the above loan. The ECB loan is secured by way of pari passu first ranking charge on the entire movable plant and machinery and equipment including all the spare parts and all other fixed assets such as furniture, fixtures, fittings, installations, vehicles, office equipment, computers and all other fixed assets owned by the Company (excluding immovable property), both present and future belonging or hereafter belonging to or at the disposal of the Company. The Loan is repayable in 15 equal semi-annual Instalments starting from 15th September 2012.

Pari passu charge in favour of IFC over the immovable assets of the Company; such pari passu charge ensuring atleast a cover of 1.25 times the value of outstanding principal amount of the loan.

e. 10.3% Non Convertible Debentures

The Parent Company has issued 500 Nos. 10.3% Non Convertible Debentures of Rs.1 million each on 28th December 2010 and 500 Nos. 10.3% Non Convertible Debentures of Rs.1 million each on 22nd March 2011 to Life Insurance Corporation of India.

The Debentures are secured by way of pari passu charge on the Fixed Assets of the Company existing and future along with Indian Bank, Bank of India, Canara Bank and International Finance Corporation, Washington; such pari passu charge ensuring atleast a cover of 1.25 times the value of outstanding principal amount of the loan.

f. Cash Credit facilities from Banks are secured by hypothecation of inventories and book debts, and a second charge on fixed assets of the Parent Company.

g. The Parent Company's Fixed Deposit Receipts amounting to Rs. 45.95 million (Rs. 24.44 million) are under lien with the bankers for obtaining Letters of Credit and Bank Guarantee.

Apollo Health Street Limited
Term loan as at 31st March 2011 is secured by following assets of the entire group

(a) all equity interests held and/or beneficially owned by the Group member in any member of the Group from time to time, provided that no such Group member shall be obligated to pledge or create security over more than 65% of the equity interests (or, if a lesser amount, 65% of the voting equity interests) in any restricted foreign subsidiary;
(b) all financial indebtedness owing to the Group from any obligor, any member of the Group or any Affiliate there of from time to time;
(c) all of the Group's rights and interests in any account from time to time (and any balance standing to the credit thereof from time to time), and any cash and cash equivalents from time to time;
(d) all of the Group's rights and interests in any real property from time to time;
(e) all of the Group's rights and interests in any tangible movable property from time to time;
(f) all of the Group's rights and interests in any investment interests (other than those referred to in paragraph (a) above) or any goodwill of or uncalled capital of the Group from time to time;
(g) all of the Group's rights and interests in any intellectual property (including, without limitation, any registered intellectual property, and any intellectual property pending registration) from time to time;
(h) all of the Group's rights and interests in any book and/or other debts and/or monetary claims and any proceeds thereof from time to time;
(i) all of the Group's rights and interests in any insurance and/or insurance policy from time to time; and
(j) by way of a security assignment, floating charge or other appropriate means of security all of the Group's other assets and undertakings (including, without limitation, inventory) from time to time;

10. The Parent Company has issued Foreign Currency Convertible Bonds (FCCBs) to International Finance Corporation (IFC), Washington, to the value of US$ 15 million on 28th January 2010. These bonds are convertible into equity shares based on the rupee dollar parity exchange rate at any time before the end of Final Repayment date. On 9th December 2010, the Company converted FCCBs equivalent to US $ 7.5 million into 1.14 million equity shares of Rs. 5/- each. The underlying number of Equity shares as on 31st March 2011 is 1.10 million Equity

shares is based on the exchange rate ($1 = Rs. 44.65) and if the option is not exercised, the loan shall be repayable in full in two approximately equal semi-annual instalments commencing from the Final Repayment Date by way of redemption of such number of FCCBs in respect of which IFC has not exercised its Conversion option.

11. Employee Benefits

The following Companies in the group have complied with Accounting Standard 15 'Employee Benefit' as notified under the Companies (Accounting Standards) Rules, 2006.

- Apollo Hospitals Enterprise 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
- Apollo Health Street 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.

Alliance Medicorp (India) Limited

The Company is not statutorily liable for paying any Long term employee benefits.

Alliance Dental Care Private Limited

Contribution to Gratuity Funds: During the year, the Company has recognized an amount of Rs.0.30 million in the Profit and Loss Account based on 15 days salary for every completed year of service of the employee with the Company based on actuarial valuation provided by Life Insurance Corporation of India. The defined benefit obligations recognized at the Balance Sheet amounts to Rs.0.66 million.

Apollo Hospitals Enterprise Limited

Particulars	As at 31.03.2011		As at 31.03.2010	
	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			

Rs. in million

Particulars	As at 31.03.2011			As at 31.03.2010		
	Gratuity	Earned Leave	Total	Gratuity	Earned Leave	Total
Present Value of Obligation as on 1st April, 2010	150.26	91.06	241.32	165.91	121.99	287.90
Interest Cost	11.96	7.12	19.08	13.18	9.62	22.80
Current Service Cost	20.24	10.64	30.88	18.64	9.45	28.09
Benefit Paid	(1.52)	(4.22)	(5.74)	(2.25)	(3.56)	(5.81)
Actuarial (gain) / Loss on obligation	6.65	(6.55)	0.10	(45.22)	(46.44)	(91.66)
Present Value of Obligation as on 31st March, 2011	187.59	98.05	285.64	150.26	91.06	241.32
Change in plan assets						
Fair Value of Plan Assets as on 1st April, 2010	139.50	74.39	213.89	118.29	61.12	179.41
Expected return on plan assets	12.52	5.98	18.50	10.31	5.42	15.73
Contributions	30.00	40.00	70.00	30.00	-	30.00
Benefits paid	(1.52)	(4.22)	(5.74)	(2.25)	-	(2.25)
Actuarial gain / (loss)	(6.95)	(41.00)	(47.95)	(16.85)	7.85	(9.00)
Fair Value of Plan Assets as on 31st March, 2011	173.55	75.15	248.70	139.50	74.39	213.89
Reconciliation of present value of the obligation and the fair value of the plan assets						
Fair value of the defined benefit obligation	187.59	98.05	285.64	150.26	91.06	241.32
Fair value of plan assets at the end of the year	(173.55)	(75.15)	(248.70)	(139.50)	(74.39)	(213.89)
Liability / (assets)	14.04	22.90	36.94	10.76	16.67	27.43
Unrecognised past service cost	-	-	-	-	-	-
Liability / (assets) recognised in the balance sheet	14.04	22.90	36.94	10.76	16.67	27.43
Gratuity & Leave Encashment cost for the period						
Service Cost	20.24	10.64	30.88	18.64	9.45	28.09
Interest Cost	11.96	7.12	19.08	3.18	9.62	22.80
Expected return on plan assets	(12.52)	(5.98)	(18.50)	(10.31)	(5.42)	(15.73)
Actuarial (gain) / loss	13.60	34.46	48.06	(28.37)	(54.29)	(82.66)
Past Service Cost	-	-	-	54.45	49.99	104.44
Net gratuity cost	33.28	46.24	79.52	47.59	9.35	56.94
Investment details of plan assets						
100% of the plan assets are invested in debt instruments						
Actual return on plan assets	5.57	(35.02)	(29.45)	(6.54)	13.27	6.73

12. Apollo Hospitals Enterprise Limited

a) For the period 31st March 2011, the Foreign Exchange loss (the difference between the spot rates on the date of the transactions, and the actual rates at which the transactions are settled) amounting to Rs. 8.87 million (Rs. 15.05 million).

b) The Foreign Exchange gain arising out of the restatement of the monetary items as on the Balance Sheet date is Rs. 14.51 million (Rs. 22.20 million) The above Exchange difference have been adjusted to the Profit and Loss Account, which is in conformity to the Accounting Standard 11 on 'Accounting for the effects of changes in Foreign Exchange rates' as notified under the Companies (Accounting Standards) Rules, 2006.

13. Leases

Finance Lease

Apollo Health Street Limited

Fixed assets include vehicles, computers and computer equipment, office equipment, furniture and fixtures and leasehold improvements obtained on finance lease arrangements. The finance lease term is for a period of eighteen to seventy two months. There is no escalation clause in any of the lease agreements. Some leases have purchase and renewal clauses. There are no restrictions imposed by lease arrangements. The minimum lease payments due are as under:

Rs. in million

Particulars	31.03.2011	31.03.2010
Total minimum lease payments at the year end	10.06	25.70
Less: Unearned finance income	0.38	2.66
Present value of total minimum lease payments [Rate of Interest 0% to 11.49%]	9.67	23.03
Not later than one year [Present value Rs. 9.45 million and Rs. 12.54 million as on 31st March 2011 and 31st March 2010 respectively]	9.84	14.63
Later than one year but not later than 5 years [Present value Rs. 0.22 million and Rs.10.49 million as on 31st March 2011 and 31st March 2010 respectively]	0.22	11.07

Non- cancellable Operating Leases

Lease payments recognised in the Profit and Loss Account is Rs.797.45 million (Rs. 679.18 million)

Rs. in million

Minimum Lease Payments	31.03.2011	31.03.2010
Not later than one year	565.68	611.17
Later than one year and not later than five years	1,226.16	1,206.97
Later than five years	1,734.52	1,821.59

Lease agreements are renewable for further period or periods on terms and conditions mutually agreed between the lessor and lessee.

Variations/Escalation clauses in lease rentals are made as per mutually agreed terms and conditions by the lessor and lessee.

Apollo Gleneagles Hospitals Limited

The cost of leasehold land has not been amortised over the period of lease is intended to be renewed on the expiry of the stipulated period.

The Company has certain cancellable operating lease arrangements for residential accommodation and use of certain medical equipment with tenure extending upto one year. Form 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 recognised in the profit & loss account amounts to Rs. 9.14 million (Rs. 12.34 million)

14. Apollo Hospitals Enterprise Limited

The Parent Company has issued and allotted 1.54 million equity warrants convertible into equity shares of nominal value of Rs. 10/- each at premium of Rs. 761.76 per share on 12th June 2010 to Dr. Prathap C Reddy, one of the promoters of the Company on a preferential allotment basis. The issue price is at minimum price of Rs. 771.76 fixed in accordance with the guidelines for preferential issues of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009. Accordingly the promoter has paid 25% of the consideration @ 771.76 per warrant on the date of allotment. The balance 75% is payable on the exercise of option for conversion within 18 months of date of allotment. Consequent to the splitting of one Rs.10 equity share into two Rs.5/- equity shares the warrants outstanding as on 31st March 2011 is 3.08 million.

The Parent Company has issued and allotted 3.27 million equity warrants convertible into equity shares of nominal value of Rs. 5/- each at premium of Rs 467.46 per share on 5th February 2011 to Dr. Prathap C Reddy, one of the promoters of the Company on a preferential allotment basis. The issue price is at minimum price of Rs 472.46 fixed in accordance with the guidelines for preferential issues of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations 2009 .Accordingly the promoter have paid 25% of the consideration @ 472.46 per warrant on the date of allotment. The balance 75% is payable on the exercise of option for conversion within 18 months of date of allotment.

15. The Parent Company had issued 9.00 million Global Depository Receipts with two way fungibility during the year 2005-06. Total GDR's converted into underlying Equity Shares for the year ended on 31st March 2011 is 3.13 million (2009-10: 0.02 million) and the total GDR's converted upto 31st March 2011 is 7.46 million (2009-10: 4.33 million). Consequent to the splitting of shares into Rs.5 shares the total converted Global Depository Receipts converted to shares is 14.93 million.

16. 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.

Apollo Gleneagles Hospital Limited

The Company runs a diagnostic Centre (the Centre), independent of its Hospital and therefore, both the Hospital as well as the Centre has been considered by the Management as two separate Cash Generating Units (CGUs) for the purpose of determination of impairment in value of fixed assets. As required by Accounting Standard 28 on ' Impairment of Assets' the Company has carried out an assessment at the Balance Sheet date for ascertaining indications ,if any, of further impairment loss/ reversal of impairment loss recognized in earlier years. In view of the Management no such indications exist as on 31st March 2011.

17. Directors travelling included in travelling and conveyance amounts to Rs.20.54 million (Rs. 6.58 million)

18. Deferred Tax

The deferred tax for the year recognized in the Profit and Loss Account of the group comprises: (Rs. in million)

Particulars	31.03.2011	31.03.2010
Deferred Tax Liability for the year	328.32	128.62
Deferred Tax Asset for the year	22.21	35.91

The accumulated deferred tax liability / (asset) of the group as on 31st March 2011 comprises: (Rs. in million)

Particulars	31.03.2011	31.03.2010
On account of depreciation	1,014.91	760.07
On account of Deferred Revenue Expenditure (Deferred Tax Asset)	(69.64)	(39.05)
On account of unabsorbed losses and depreciation (Deferred Tax Asset)	(295.98)	(185.00)
On account of 35AD	195.52	-

(Deferred Tax Asset/Liabilities have not been considered with respect to Associates)

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 Rs. 877.83 million (Rs. 639.47 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 2011.

19. International Finance Corporation has granted a loan of US$ 35 million during the year 2009-10. For the year ended 31st March 2011 the Parent Company has drawn full US$ 35 million of the sanctioned amount of US$ 35 million and the Company has entered into Currency Cum Interest Rate Swap (CCIRS) with HDFC Bank in Indian rupee and hedged the loan for interest rate 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 Rs.1,100 million. The tenure of this derivative contract matches with the tenure of the loan outstanding as on 31st March 2011.

Gain/loss on Forward Contract during the year ended 31st March 2011 accounted for in the Profit and Loss Account is Rs. 11.77 million (Rs. 31.35 million)

20. Apollo Health Street Limited

a. Reversal of Impairment losses

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

21. Sundry Debtors, Loans and Advances

Confirmations of balances from Debtors, Creditors and for Deposits 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.

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.
Advances and deposits represent the advances recoverable in cash 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.

22. Power Generation

The Electricity charges incurred in respect of Parent Company is net of Rs. 6.94 million (Rs. 7.47 million) [units qualified KWH – 1.39 million (1.59 million)], being the rebate received from TNEB for Wind Electric Generators owned and run by the Company.

23. The Parent Company has been exempted by the Ministry of Corporate Affairs, vide Order No: 46/115/2011-CL III, from publishing the quantitative particulars as per Para 3(ii)d of Part II of Schedule VI of the Companies Act, 1956 with respect to the total value of turnover, purchases, goods traded, sales, consumption of raw materials etc., for the year ended 31st March 2011 and hence the same is not disclosed for this financial year.

In the case of Indraprastha Medical Corporation Limited, materials consumed are of varied nature and include items of food, beverages, medical consumables etc., Therefore it is not feasible to give the details as required under part II of Schedule VI to the Companies Act,1956.

24. In the process of acquiring Apollo Gleneagles Hospitals Limited (AGHL) in Kolkata, Apollo Hospitals Enterprise Limited had initially invested Rs. 30 million [Rs. 5 million towards equity and Rs. 25 million to discharge other liabilities of AGHL, erstwhile Duncan Gleneagles Hospital Limited (DGHL)] to acquire 50.26% holding in the DGHL (subsequently reduced to 49%, now increased to 50%). AGHL assigned an unsecured debt of Rs.176 million existing in its books to Apollo Hospitals Enterprise Limited. As a measure of prudence, this amount is not recognized as an advance or investment in the books of Apollo Hospitals Enterprise Limited currently and will be accounted for as and when the amount(s) are received.

25. General Information
Apollo Hospitals Enterprise Limited

(i) The hospital collections of the Company are net of discounts of Rs. 37.09 million (Rs. 59.99 million).

(ii) 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.

(iii) Unrealised amounts on project development and pre-operative project expenses incurred at Bilaspur Hospital amounting to Rs. 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 9 years. The balance yet to be amortised as on 31st March 2011 is Rs. 28.31 million (Rs. 31.46 million).

b) Apollo Cosmetic Surgical Centre Private Limited

Number of employees of the Company who are in receipt of or entitled to receive emoluments amounting in the aggregate to Rs. 0.20 million or more per month or Rs.2.40 millionper annum including perquisites is NIL.

c) A.B. Medical Centers Limited

As the Company's main business is running of hospital the provisions regarding disclosure of information on Licensed Capacity, Installed capacity, Production and Sales particulars are not applicable.

The Share capital includes a sum of Rs. 0.90 million allotted for consideration other than cash.

d) Apollo Gleneagles Hospital Limited

Buildings of Rs. 18.93 million (Net) [Previous year Rs. 19.17 million (Net)] pertaining to diagnostic center at Gariahat include the cost of land pending allocation/ ascertainment of cost attributable there against.

In the opinion of the Board of Directors, unless otherwise stated, the current assets and loans and advances have the value at least equal to the amount at which these are stated in the balance sheet, if realized in the ordinary course of the business, and adequate provisions for all known liabilities have been made and are not in excess of the amount reasonably required in this respect.

Certain debit and credit balances including debtors, creditors including deposits and loans and advances etc. are subject to confirmation and reconciliation and consequential adjustments, if any, arising therefrom.

Plant and Machinery includes Rs. 2.61 million being contribution towards cost of service line (owned by electricity service provider), which is amortised on straight line basis over a period of 36 months.

e) Quintiles Phase One Clinical Trials India Private Limited

The Company is in process of appointing whole-time secretary as required under section 383A of the Companies Act, 1956.

f) 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 1.30 million.

(ii) Commitments made and outstanding for:

(Rs. in million)

Particulars	As at 31st March 2011	As at 31st March 2010
Loans	Nil	Nil
Investments	Nil	Nil
Fixed Assets	3.92	2.93

(iii) Claims, less reinsurance paid to claimants

(Rs. in million)

Class of Business	In India		Outside India	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Miscellaneous	828.75	497.64	3.33	3.46

(iv) Age-wise breakup of claims outstanding:

(Rs. in million)

Class of Business	Outstanding for more than six months		Outstanding for six months or less	
	As at 31st March2011	As at 31st March2010	As at 31st March 2011	As at 31st March 2010
Miscellaneous	10.14	1.15	109.50	104.30

(v) Claims Settled and remaining unpaid for a period of more than six months:

(Rs. in million)

Class of Business	As at 31st March 2011	As at 31st March 2010
Miscellaneous	Nil	Nil

(vi) Premium less reinsurance written during the year:

(Rs. in million)

Class of Business	In India		Outside India	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Miscellaneous	2,286.66	992.43	Nil	Nil

No premium income is recognized on “varying risk pattern” basis.

(vii) Extent of risk retained and reinsured:

Class of Business	Risk Retained		Risk Reinsured	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Miscellaneous	81%	87%	19%	13%

(viii) Value of Contracts in relation to Investments:

(Rs. in million)

Particulars	As at 31st March 2011	As at 31st March 2010
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 31st March 2011.

(xi) The investments as at period-ending 31st March 2011 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 Rs. 164.19 million (previous year Rs. 92.62 million).

(xiii) Investments made pursuant to section 7 of Insurance Act, 1938, are as follows:

(Rs. in million)

Particulars	As at 31st March 2011	As at 31st March 2010
6.25% GOI CDSS 02-01-2018	74.13	73.26
6.01% GOI CDSS 25-03-2028	5.31	5.24
7.95% GOI CDSS 28-08-2032	19.45	19.42
8.20% GOI CDSS 15-02-2022	2.00	2.00
8.33% GOI CDSS 07-06-2036	1.00	1.00
Total	101.89	100.93

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:

(Rs. in million)

Operating expenses	Year ended 31.03.2011	Year ended 31.03.2010
Outsourcing Expenses	197.16	134.99
Marketing Support	188.94	171.95
Business Promotion	65.12	83.96

(xv) Sector wise business

Disclosure of Sector wise business based on gross direct written premium (GWP) is as under:

Business Sector	Year ended 31.03.2011			Year ended 31.03.2010		
	GWP (Rs. in million)	No. of Lives	% of GWP	GWP (Rs. in million)	No. of Lives	% of GWP
Rural	154.43	14,715	5.46%	45.36	46,441	3.96%
Social	5.07	27,893	0.18%	14.81	36,344	1.29%
Urban	2,667.35	1,054,183	94.36%	1,086.43	484,733	94.75%

(xvi) Disclosure of Fire and Marine Revenue accounts:

As the Company operates in single business segment 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.

(xvii) Summary of Financial Statements is provided as under

(Rs. in million)

S. No.	Particulars	2010-2011	2009-2010
	Operating Results:		
1.	Gross Premium Written	2,834.62	1,146.69
2.	Net Earned Premium Income	1,487.39	699.58
3.	Income from Investments (net)	66.96	30.01
4.	Other Income	-	-
5.	Total Income	1,554.35	729.59
6.	Commission (Net of Reinsurance)	1,777.42	105.63
7.	Brokerage	53.42	52.16
8.	Operating Expenses	1,332.59	983.04
9.	Claims Incurred	921.54	597.36
10.	Operating Profit/Loss	(877.20)	(956.44)
11.	Total Income under Shareholders Account	82.87	59.46
12.	Profit /(Loss) before tax	(794.33)	(896.98)
13.	Provision for Tax	(0.08)	-
14.	Profit/(Loss) after tax	(794.41)	(896.98)
	Miscellaneous:		
15.	Policy holders' Account: Total Fund Total Investments Yield on investments	Not applicable being Non - Life Insurance Co.	
16	Shareholders' Account: Total Fund Total Investments Yield on investments	Not applicable being Non - Life Insurance Co.	
17.	Paid Up Equity Capital	1,962.00	1,293.00
18.	Net Worth	1,050.70	895.44
19.	Total Assets	3,600.01	1,914.21
20.	Yield on total investments	8.20%	8.82%
21.	Earnings Per Share (Rs.)	(5.66)	(8.11)
22.	Book value per Share(Rs.)	5.36	6.80
23.	Total Dividend	Nil	Nil
24.	Dividend Per share	Nil	Nil

(xviii) Accounting Ratios are provided as under:

Performance Ratios	2010-2011 (in times)	2009-2010 (in times)
Gross Premium Growth Rate	2.47	2.34
Gross Premium to Shareholders Funds Ratio	2.70	1.28
Growth Rate of Shareholders Funds	1.17	0.93

Net Retention Ratio	0.81	0.87
Net Commission Ratio	0.08	0.11
Expenses of Management to Gross Direct Premium	0.47	0.86
Combined Ratio	0.90	1.35
Technical Reserves to Net Premium Ratio	0.69	0.70
Underwriting Balance Ratios	(0.38)	(0.96)
Operating Profit Ratio	(0.34)	(0.90)
Liquid Assets to Liability Ratio	0.31	0.15
Net Earnings Ratio	(0.35)	(0.90)
Return on Net Worth	(0.76)	(1.00)
Reinsurance Ratio	0.19	0.13

g) Indraprastha Medical Corporation Limited

(i) The appeal filed by the Company against assessment of property tax by MCD, has been decided by the Additional District Judge, Delhi on 17th April 2004 remanding the case to MCD for reassessment on the basis of directions set out in the said order.

During the quarter ended 31st March 2011, assessment was carried out by MCD and as per assessment order, an amount of Rs. 61.56 million is assessed as property tax liability up to 31st March 2004. The provision made in the books upto 31st march, 2004 was Rs. 83.69 million. This has resulted in writing back of provision to P&L Account amounting to Rs. 22.13 million.

Further the Company has provided Rs. 3.47 million (Previous period Rs. 2.97 million) against property tax liability for the period ended 31st March 2011 as per unit area method of calculating the property tax.

(ii) 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 Rs. 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 2011, the aforesaid fund, together with interest thereon amounting to Rs. 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.

(iii) 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 for stay the judgment of the Hon'ble Delhi high court. The Hon'ble Supreme Court has admitted the Special Leave Petition and passed an interim order on 30th November 2009. In pursuance of the interim order, the Hospital is charging for medicines and medical consumables from patients referred by the Govt. of Delhi for free treatment in Hospital.

(iv) There was a fire in oncology department on 3rd May 2010 and a medical equipment suffered extensive damage. The said equipment was insured at reinstatement value. The compensation of Rs.98.51 million received in this regard in the current year from the insurance Company has been utilized for the purchase of new medical equipment. The Written Down Value of the medical equipment as at 31st March 2010 was Rs.55.56 million and Written Down Value on the date of loss was Rs.54.78 million. The excess of claim received from the insurance Company over the Written Down Value of the asset as appearing in Profit and Loss Account has been shown as compensation received (Net) in other income.

g) Quintiles Phase One Clinical Trials India Private Limited

The Company is in process of appointing whole-time secretary as required under section 383A of the Companies

Act, 1956.

h) Apollo Health Street Limited

i) Employee stock option plan

(A) Employee stock option plan 2005

The Company had instituted an employee stock plan in the financial year 2005-06 and had granted stock options to certain employees. The shareholder and Board of Directors approved the plan on 14th April 2005. The options vest over a period of three years and would be settled by issue of fully paid equity shares. During the year on 19th April 2010 exercise period was changed to either 10 years from the vesting date or upon issuance of Initial Public Offer (IPO) whichever is earlier from a period of 5 years from date of vesting.

a) Key features of Employee stock option plan

Grant date	14th April 2005		
Exercise price	10		
Exercise period	5 years from date of vesting		
Vesting schedule of out-standing Options	Date	Number of options	
		31st March 2011	31st March 2010
	30th September 2005	17,300	17,300
	31st March 2006	700	5,500
	31st March 2007	48,000	56,400
	31st March 2008	19,400	33,000
		85,400	112,200

Stock options

	31st March 2011	31st March 2010
Outstanding at the beginning of the year	112,200	147,200
Granted during the year	-	-
Forfeited/ surrendered during the year	2,000	3,200
Exercised during the year	24,800	31,800
Expired during the year	-	-
Exercisable at the end of the year	85,400	112,200
Outstanding at the end of the year	85,400	112,200
Weighted average remaining contractual life	*	2.01 years

* 10 years from date of vesting or IPO whichever is earlier

b) Pricing of option

Fair value of option at grant date	1.90
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	160
b) Exercise price	10
c) Expected volatility- Unlisted Company	0%
d) Risk free interest rate	7.5%
e) Weighted average option life	5 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the year ended 31st March, 2011 would have been higher by Rs. 0.16 million (31st March 2010: Nil) and the profit for the year have been lower by Rs. 0.16 million (31st March 2010: Nil)

(B) Employee stock option plan 2006

The Company instituted employee stock option plan 2006. The shareholders and the board of directors approved the plan on 20th October 2006 which provided for the issue of 1,100,850 stock options to certain employees. The scheme follows a graded vesting schedule over a period of three years and would be settled by issue of fully paid equity shares. During the year on 19th April 2010 exercise period was changed to either 10 years from the vesting date or upon issuance of Initial Public Offer (IPO) whichever is earlier from a period of 5 years from date of vesting.

a) Key features of employee stock option plan

Grant date	20th October 2006		
Exercise price	98		
Exercise period Vesting schedule of outstanding Options	5 years from date of vesting		
	Date	Number of options	
		31st March 2011	31st March 2010
	19th October 2007	358,990	391,863
	19th October 2008	186,548	188,326
	19th October 2009	283,435	284,310
		828,973	864,499

Stock options

	31st March 2011	31st March 2010
Outstanding at the beginning of the year	864,499	912,999
Granted during the year	-	-
Forfeited/ surrendered during the year	1,751	48,500
Exercised during the year	33,775	-
Expired during the year	-	-
Exercisable at the end of the year	828,973	864,499
Outstanding at the end of the year	828,973	864,499
Weighted average remaining contractual life	*	3.43 years

* 10 years from date of vesting or IPO whichever is earlier

b) Pricing of option

Fair value of option at grant date	32.70
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	160
b) Exercise price	98
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	7.5%
e) Weighted average option life	5 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Group accounted for its stock options using the fair value method, the employee compensation expense for the year ended 31st March 2011 would have been higher by Rs. 7.49 million (31st March 2010: Rs. 0.53 million) and the profit for the period would have been lower by Rs. Rs. 7.49 million (31st March 2010: Rs. 0.53 million)

(C) Employee stock option plan 2006 - Plan II

The Company instituted employee stock option 2006 - Plan II. The shareholders and the board of directors approved the plan on 16th March 2007 which provided for the issue of 97,350 stock options to certain employees. The options vest over a period of three years and to be settled by issue of fully paid equity shares. During the year on 19th April 2010 exercise period was changed to either 10 years from the vesting date or upon issuance of Initial Public Offer (IPO) whichever is earlier from a period of 5 years from date of vesting.

a) Key features of employee stock option plan

Grant date	16th March 2007		
Exercise price	154		
Exercise period Vesting schedule of outstanding Options	5 years from date of vesting		
		Number of options	
	Date	31st March 2011	31st March 2010
	15th March 2008	4,920	4,920
	15th March 2009	9,840	9,840
	15th March 2010	34,440	34,440
		49,200	49,200

Stock options

	31st March 2011	31st March 2010
Outstanding at the beginning of the year	49,200	55,600
Granted during the year	-	-
Forfeited/ surrendered during the year	-	6,400
Exercised during the year	-	-
Expired during the year	-	-
Exercisable at the end of the year	49,200	49,200
Outstanding at the end of the year	49,200	49,200
Weighted average remaining contractual life	*	4.56 years

* 10 years from date of vesting or IPO whichever is earlier

b) Pricing of option

Fair value of option at grant date	4.17
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	160
b) Exercise price	154
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	7.5%
e) Weighted average option life	5Years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Group accounted for its stock options using the fair value method, the employee compensation expense for the year ended 31st March 2011 would have been higher by Rs. 0.20 million (31st March 2010: Rs. 0.01 million) and the profit for the period would have been lower by Rs. 0.20 million(31st March 2010: Rs. 0.01 million)

(D) Apollo Employees – Accelerated stock option plan

The Company instituted Apollo Employees – Accelerated stock option plan. The shareholders and the board of directors approved the plan on 20th July 2007 which provided for the issue of 325,000 stock options. The options vest over a period of one month and are to be settled by issue of fully paid equity shares. During the year on 19th April 2010 exercise period of the opinion was revised from Rs.250 to Rs.160.

a) Key features of employee stock option plan

Grant date	20th July 2007
Exercise price	160
Exercise period	5 years from date of vesting
Vesting schedule of outstanding options	30 days from date of grant

Stock options

	31st March 2011	31st March 2010
Outstanding at the beginning of the year	298,484	298,484
Granted during the year	-	-
Forfeited/ surrendered during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Exercisable at the end of the year	298,484	298,484
Outstanding at the end of the year	298,484	298,484
Weighted average remaining contractual life	1.40 years	2.32 years

b) Pricing of option

Fair value of option at grant date	21.92
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	160
b) Exercise price	160
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	6.5%
e) Weighted average option life	2.34 year

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Group accounted for its stock options using the fair value method, the employee compensation expense for the year ended 31st March 2011 would have been higher by Rs. 6.54 million (31st March 2010: Rs. Nil) and the profit for the period would have been lower by Rs. 6.54 million (31st March 2010: Rs. Nil)

(E) Employee stock option plan 2007

The Company instituted employee stock option 2007. The shareholders and the board of directors approved the plan on 14th August 2007 which provided for the issue of 297,000 stock options to certain employees. The options vest over a period of three years and to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	14th August 2007		
Exercise price	154		
Exercise period Vesting schedule of out-standing Options	5 years from date of vesting		
		Number of options	
	Date	31st March 2011	31st March 2010
	13th August 2008	-	85,000
	13th August 2009	-	85,000
	13th August 2010	-	-
		-	170,000

Stock options

	31st March 2011	31st March 2010
Outstanding at the beginning of the year	170,000	297,000
Granted during the year	-	-
Forfeited/ surrendered during the year	170,000	127,000
Exercised during the year	-	-
Expired during the year	-	-
Exercisable at the end of the year	-	170,000
Outstanding at the end of the year	-	170,000
Weighted average remaining contractual life	-	3.87 years

b) Pricing of option

	Vesting date		
	13th August 2008	13th August 2009	13th August 2010
Fair value of option at grant date	117.97	127.75	136.81
Option pricing model used	Black Scholes	Black Scholes	Black Scholes
Inputs to the model:			
a) Average share price	250	250	250
b) Exercise price	154	154	154
c) Expected volatility - Unlisted Company	0%	0%	0%
d) Risk free interest rate	8%	8%	8%
e) Weighted average option life	2 years	3 years	4 years

The Group accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Group accounted for its stock options using the fair value method, the employee compensation expense for the year ended 31st March 2011 would have been higher by Rs. Nil (31st March 2010 Rs.1.38 million) and profit for the period would have been lower by Rs. Nil (31st March 2011: Rs. 1.38 million)

(F) Proforma disclosures

The Guidance Note on 'Accounting for employee share based payments' ('Guidance Note') issued by ICAI establishes financial accounting and reporting principles for employees share based payment plans. The Guidance Note applies to employee share based payments, the grant date in respect of which falls on or after 1st April 2005. The Group follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note, using the Black Scholes pricing model, the Group's net income/(loss) and basic and diluted earnings per share (as restated) would have been reduced to the proforma amounts as set out below:

	31st March 2011	31st March 2010
Consolidated Net profit/(loss) as reported (Rs. in million)	48.47	84.95
Less: Employee stock compensation expense (Rs. in million)	(14.40)	0.84
Pro forma consolidated net profit/(loss) (Rs. in million)	34.07	85.79
Basic EPS		
-As reported (Rs.)	1.68	3.13
-Proforma (Rs.)	1.18	3.36
Diluted EPS		
-As reported (Rs.)	1.66	3.08
-Proforma (Rs.)	1.16	3.11

ii) Derivative instruments

a) Interest rate swap

As on 31st March 2011 the Company's subsidiary, Apollo Health Street Inc. had certain open interest rate swaps arrangements with banks, which were entered into solely for the purpose of hedging against interest rate fluctuations on certain long term borrowings of about US$ 94.15 million (31st March 2010: US$ 96.15 million) with those banks. As on the Balance Sheet date, a "Mark to Market" valuation of the outstanding swaps indicates a notional loss of about US$ 15.31 million approximately Rs.683.47 million (31st March 2011: US$ 15.67 million approximately Rs.707.34 million). Management believes that the mark to market loss is notional in nature. However, as a measure of abundant precaution it had accrued US$ 0.85 million (approximately Rs. 38 million) towards the fixed premiums payable defined in the loan restructuring agreement, in case mark to market amount continues to be negative.
Management strongly believes that no provision is required to be made for the Mark to Market loss of Rs.645.47 million as at the date of balance sheet since:

- The swap arrangements are purely for hedging purposes and not intended to be used for trading or speculative purposes;
- The loss on balance sheet date is entirely notional in nature, and does not require to be paid or settled as on that date;
- Being in the nature of interest rate hedge, the MTM on swaps are likely to have little or no impact on reported results over the period of the contracts.

b) Interest rate swaps outstanding as at the balance sheet date

The Company's subsidiary AHSI has entered into interest rate swaps to hedge its risks associated with interest rate fluctuations and the details of the same are mentioned below:

31st March 2011

Hedge against exposure to variable interest outflow on loans.			
Receive LIBOR plus spread of 2.75% and pay as per the terms mentioned below:			
Notional Amount (Rs.in million)	Period		Rate
	From(and including)	To(but excluding)	
108.75	29-May-09	29-Aug-09	1.25%
96.15	29-Aug-09	29-May-10	1.25%
96.15	29-May-10	29-Nov-10	6.25%
94.15	29-Nov-10	28-Feb-11	6.25%
94.05	28-Feb-11	29-May-11	9.25%
93.96	29-May-11	29-Aug-11	9.25%

93.81	29-Aug-11	29-Nov-11	9.25%
93.67	29-Nov-11	29-Feb-12	9.25%
93.23	29-Feb-12	29-May-12	9.25%
90.78	29-May-12	28-Aug-12	9.25%

March 31, 2010

Hedge against exposure to variable interest outflow on loans.			
Receive LIBOR plus spread of 2.75% and pay as per the terms mentioned below:			
Notional Amount (Rs.in million)	**Period**		**Rate**
	From(and including)	**To(but excluding)**	
108.75	29-May-09	29-Aug-09	1.25%
96.15	29-Aug-09	29-May-10	1.25%
96.15	29-May-10	28-Feb-11	6.25%
96.05	28-Feb-11	29-May-11	9.25%
95.96	29-May-11	29-Aug-11	9.25%
95.81	29-Aug-11	29-Nov-11	9.25%
95.67	29-Nov-11	29-Feb-12	9.25%
94.23	29-Feb-12	29-May-12	9.25%
92.78	29-May-12	29-Aug-12	9.25%

c. Details of other outstanding derivatives

i) Forward contracts

(Rs. in million)

Particulars of derivatives	Purpose	31-Mar-11	31-Mar-10
Forward contracts outstanding as at Balance Sheet date	Hedge against expected receivables	Sell USD	Sell USD
		9.25*	6.00
Range forward contracts outstanding as at Balance Sheet date	Hedge against expected receivables	-	Sell USD
			0.50

*Out of above US$ 0.73 million represents hedge against inter – Company receivables.

ii) Options

A. An ex-employee of the subsidiary, Apollo Health Street Inc. has an option to put back 85,000 shares of AHSL held by him to AHSI at price of USD 8.94 per share. The price will increase by 10% per annum from August 2009.

B. During the current period, the Company has entered into an interest rate option for one year starting on 29th August 2012 for hedge against their USD-LIBOR based interest liability. As per the arrangement, if the USD Libor is above 5.50% p.a., the Company receives differential between the three months Libor and 5.50% p.a. The notional amounts are as follows:

Period		**Notional Amount (Rs. in million)**
From (and including)	**To (but excluding)**	
29-Aug-2012	29-Nov-2012	91.10
29-Nov-2012	28-Feb-2013	89.42
28-Feb-2013	29-May-2013	86.78
29-May-2013	29-Aug-2013	84.13

iii) Particulars of unhedged foreign currency exposure

As at 31st March 2011

	USD	Closing rate	(Rs. in million)
Sundry creditors	297,988	44.65	13.31
Cash balances	431,863	44.65	19.28

	GBP	Closing rate	(Rs. in million)
Sundry debtors	19,732	71.93	1.42
Cash balances	1,576	71.93	0.11

	EUR	Closing rate	(Rs. in million)
Sundry debtors	4,000	63.24	0.25

As at 31st March 2010

	USD	Closing rate	(Rs. in million)
Sundry creditors	72,696	45.14	3.28
Unbilled revenue	125,665	45.14	5.67
Cash balances	75,373	45.14	3.40

	GBP	Closing rate	(Rs. in million)
Sundry debtors	19,732	68.03	1.34
Sundry creditors	20,716	68.03	1.41
Cash balances	15,028	68.03	1.02

	EUR	Closing rate	(Rs. in million)
Sundry debtors	4,000	60.56	0.24

26. Earnings per Share

Particulars	31.03.2011	31.03.2010
Profit before extraordinary items attributable to equity shareholders (Rs. in million) (A1)	1,839.22	1,375.68
Weighted Averaged Equity Shares outstanding during the year (Nos.) - (B1)	123,922,957	123,425,413
Basic Earnings Per Share before extra-ordinary item - (A1/B1) (Rs.)	14.84	11.15
Diluted Earnings before extraordinary items attributable to equity shareholders (Rs. in million) (A2)	1,845.25	1,375.68
Foreign Currency Convertible Bond issued (C1)* (Nos.)	1,107,025	2,241,480
Weighted Averaged Equity Shares outstanding for Diluted Earnings Per Share. (Nos.) - (D1)	128,003,621	123,956,604
Diluted Earnings Per Share before extra-ordinary item - (A2/D1) (Rs.)	14.37	11.10
Profit after extraordinary items attributable to equity shareholders (Rs. in million) (A)	1,839.22	1,375.68
Weighted Averaged Equity Shares outstanding during the year (Nos) - (B)	123,922,957	123,425,413
Basic Earnings Per Share after extra-ordinary item - (A/B) (Rs.)	14.84	11.15
Diluted Earnings before extraordinary items attributable to equity shareholders (Rs. in million) (A2)	1,845.25	1,375.68
Foreign Currency Convertible Bonds issued (C)* (Nos.)	1,107,025	1,120,740

Weighted Averaged Equity Shares outstanding for Diluted Earnings Per Share. (Nos.) - (D)	128,003,621	123,956,604
Diluted Earnings Per Share after extra-ordinary item - (A2/D) (Rs.)	14.37	11.10

*The Company has issued Foreign Currency Convertible Bonds (FCCBs) to International Financial Corporation (IFC), Washington convertible to Equity shares at the option of IFC during the year 2009-10. The Bonds are convertible at any time during the tenure of the loan. To comply with the requirements of Accounting Standard-20 (Earnings Per Share) the underlying number of Equity shares equivalent to 1,107,025 Equity shares (computed on the basis of exchange rates prevailing on the date of 31st March 2011) have been considered for the purpose of computing potential number of Equity Shares.

27. Income Tax

Apollo Hospitals Enterprise Limited

In respect of the Income Tax claims of Rs. 400.84 Million (Rs. 264.87 Million) by the Income Tax Department, the amount is under contest.

- Provision for taxation is determined after availing concession under Section 35AD of The Income Tax Act 1961.

Western Hospital Corporation Private Limited

During the year ended 31st March 2011, the Company has received an Assessment Order for the Assessment Year 2008-2009 based on which the excess of provision for tax made in the books of account over the assessed tax amounting to Rs 0.06 million has been written back.

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

29. Consolidated Segment Reporting

(Rs.in million)

Particulars	31st March 2011	31st March 2010
1.Segment Revenue		
(Net sales / Income from each Segment)		
a) Hospitals	19,295	15,511
b) Retail Pharmacy	6,614	4,850
b) Others	362	255
Sub - Total	26,271	20,616
Less :		
Intersegment Revenue	31	29
Net sales / Income from operations	26,240	20,587
2. Segment Results		
(Profit / (Loss) before Tax and interest from each segment)		
a) Hospitals	3,802	3,075
b) Retail Pharmacy	(43)	(158)
b) Others	(71)	(139)
Sub - Total	3,689	2,778
Less :		
(i) Interest (Net)	814	602
(ii)Other un-allocable expenditure net of		
un-allocable income	261	200
Profit Before Tax and Extraordinary item	2,613	1,976
Less: Extra Ordinary Item	-	-

Profit Before Tax	2,613	1,976
Less :		
(i) Current tax	567	583
(ii) Tax for earlier years (net)	(0)	1
(iii) Deferred tax liability	328	129
(iv) Fringe Benefit tax	-	-
Add:		
Deferred Tax Asset	22	(36)
Profit After Tax before Minority Interest	1,740	1,300
Less : Minority Interest	(15)	(36)
Add : Share of Associates' Profits	84	39
Net Profit Relating to the Group	1,839	1,376
3. Segment assets		
a) Hospitals	29,657	26,946
b) Retail Pharmacy	2,423	1,999
c) Others	1,151	575
Total	**33,231**	**29,520**
Unallocated Corporate Assets	2,378	2,637
Goodwill on consolidation	677	500
Deferred Tax Asset	0	-
Miscellaneous Expenditure	-	-
Total Assets as per Balance Sheet	36,286	32,658
4.Segment liabilities		
a) Hospitals	13,216	12,548
b) Retail Pharmacy	208	188
c) Others	315	219
Total	**13,738**	**12,955**
Unallocated Corporate Liabilities	2,209	2,150
Shareholder's Funds	18,989	16,535
Minority Interest	249	241
Deferred Tax Liability	1,101	776
Total Liabilities as per Balance Sheet	36,286	32,658
5.Segment capital employed		
a) Hospitals	26,279	23,585
b) Retail Pharmacy	2,215	1,811
c) Others	328	512
Total	**28,823**	**25,908**
6.Segment capital expenditure incurred		
a) Hospitals	2,533	3,133
b) Retail Pharmacy	174	240
c) Others	77	37
Total	**2,784**	**3,410**
7.Segment Depreciation		

a) Hospitals	852	677
b) Retail Pharmacy	74	56
c) Others	16	16
Total	**942**	**750**
8.Segment Non-cash expenditure		
(excluding Depreciation)		
a) Hospitals	5	5
b) Retail Pharmacy	1	2
c) Others	-	-
Total	**6**	**7**

30. Change in Authorised share capital
Western Hospitals Corporation Limited

The Shareholders of the Company have passed a resolution at the Extraordinary General Meeting held on 17th December 2008, for increasing the Authorised Share Capital of the Company from 50 million Equity Shares of Rs 10 each aggregating to Rs. 500 million to 100 million Equity Shares of Rs. 10/- each aggregating to Rs. 1,000 million. However, the Company has not filed the required forms for increasing the Authorised Share Capital with the Registrar of Companies (ROC) as at 31st March 2011 alongwith the amended Memorandum of Association for giving effect to the aforesaid change, for approval/confirmation from the ROC. Hence, the Authorised Share Capital of the Company as at 31st March 2011 continues to be reflected as Rs. 500 million.

31. Details of Sundry Creditors under Current Liabilities are based on the information available with the parent 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 2011 is Rs. 48.76 million (Rs. 153.26 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 2011.

32. Figures of the current year and previous year have been shown in million.

33. Figures in brackets relate to the figures for the previous year.

34. Previous year figures have been regrouped and reclassified wherever necessary to confirm with current years classification.

35. 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

S M Krishnan
General Manager - Project Finance
& Company Secretary

Preetha Reddy
Managing Director

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

Suneeta Reddy
Executive Director - Finance

Place: Chennai
Date: 24th May 2011

Consolidated Cash Flow Statement
for the year ended 31st March 2011

(Rs. in million)

	31.03.2011		31.03.2010	
A. Cash Flow from operating activities				
Net profit before tax and extraordinary items		2,613.18		1,976.44
Adjustment for:				
Depreciation	941.70		749.51	
Profit on sale of assets	(0.13)		(0.60)	
Profit on sale of investments	(5.74)		(81.72)	
Loss on sale of Investments	4.05		0.43	
Loss on sale of assets	34.74		40.63	
Interest paid	778.44		587.01	
Foreign Exchange Loss	(6.26)		(7.91)	
Misc.Exp.written off	5.81		7.48	
Provision for bad debts	17.30		12.11	
Dividend received	(20.69)		(103.94)	
Interest received	(106.03)		(104.77)	
Income from Treasury operations	(11.77)		(31.35)	
Bad debts written off	63.95		102.75	
Liability & sundry balances Written back	(6.05)	1,689.32	(2.61)	1,167.02
Operating profit before working capital changes		4,302.51		3,143.45
Adjustment for:				
Trade or other receivables	(919.51)		(666.26)	
Inventories	(165.83)		(250.50)	
Trade payables	380.82		1341.16	
Others	(338.31)		(718.55)	
		(1,042.83)		(294.16)
Foreign Exchange (Loss)/Gain		6.26		7.91
Taxes paid (incuding Fringe Benefit Tax)		(675.11)		(864.71)
Adjustments for Misc.Exp.written off		(3.15)		(6.23)
Net cash from operating activities		2,587.67		1,986.26
B. Cash flow from Investing activities				
Purchase of fixed assets (Including Capital Work in Progress) #		(3,334.98)		(3,938.43)
Pre-operative expenses		(53.99)		(20.92)
Purchase of investments		(3,922.68)		(3,052.14)
Sale of investments		2,615.96		4,716.61
Sale of fixed assets		178.07		46.70
Interest received		52.00		99.31
Dividend received		50.97		131.99
Cash flow before extraordinary item		(4,414.65)		(2,016.89)
Arbitrage paid		-		-
Net cash used in Investing activities		(4,414.65)		(2,016.89)

	31.03.2011	31.03.2010
C. Cash flow from financing activities		
Membership fees		
Proceeds from issue of share premium	35.03	818.39
Proceeds from issue of share capital	71.52	50.58
Proceeds from advance against share capital	685.31	14.52
Proceeds from long term borrowings	1,949.50	2,716.86
Proceeds from short term borrowings	181.70	383.29
Repayment of finance/lease liabilities	(1,254.54)	(732.12)
Interest paid	(780.36)	(613.33)
Income from Treasury operations	11.77	31.35
Dividend paid	(432.49)	(401.60)
Net cash from financing activities	467.44	2,267.94
Net increase in cash and cash equivalents (A+B+C)	(1,359.54)	2,237.31
Cash and cash equivalents (opening balance)	3,140.06	879.42
Cash and cash equivalents (Closing balance)	1,780.52	3,116.73
Component of Cash and cash equivqlents		
Cash Balances	55.37	38.94
Bank Balances*		
i) Available with the company for day to day operations	1,706.87	3,058.27
ii) Amount available in unpaid dividend and unpaid deposit payment accounts	18.28	19.52

Notes

1. Previous year figures have been regrouped wherever necessary.
2. Figures in bracket represent outflow.

Purchase of Fixed Assets includes and Interest paid excludes Rs. 154.42 million (previous year - Rs. 198.68 million) of interest capitalised.

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
General Manager - Project Finance
& Company Secretary

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director-Finance

Place: Chennai
Date: 24th May 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO THE SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Unique Home Healthcare Limited	AB Medical Centres Limited	Samudra Health care Enterprises Limited	Apollo Hospital (UK) Ltd	Apollo Health and Lifestyle Limited	Imperial Hospitals & Research Centre Ltd	Pinakini Hospitals Limited	Apollo Cosemtic Surgical Centres Pvt Limited	Alliance Medicorp (India) Limited	ISIS Healthcare India Private Limited	Mera Healthcare Private Limited	Alliance Dental Care Private Limited
Financial Year of the subsidiary ended on	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11	31-Mar-11
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	7-Oct-09	31-Mar-11	30-Mar-09	11-Jul-09	31-Mar-11
Shares of subsidiary company held on the above date and extent of holding												
i) Equity Shares (Nos.)	29,823,012	16,800	12,500,000	5,000	7,419,800	15,271,000	855,228	1,500,000	5,661,000	50,000	865,000	15,052,980
ii) Extent of Holding (%)	100.00	100.00	100.00	100.00	100.00	51.00	74.94	61.00	51.00	100.00	100.00	100.00
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
ii) Not Dealt with (Rs. in million)	2.18	4.28	17.16	£(0.004) INR (0.33)	3.71	(29.30)	(0.87)	(4.03)	1.43	(1.23)	1.24	2.78
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
ii) Not Dealt With (Rs. in million)	11.08	3.98	17.40	£(0.007) INR (0.51)	(2.45)	(67.94)	(0.44)	(6.88)	NA	(1.59)	(1.73)	NA

For and on behalf of the Board of Directors

Krishnan Akhileswaran
Chief Financial Officer

S M Krishnan
General Manager - Project Finance
& Company Secretary

Dr. Prathap C Reddy
Executive Chairman

Preetha Reddy
Managing Director

Suneeta Reddy
Executive Director-Finance

Place: Chennai
Dated: 24th May 2011

DISCLOSURE OF INFORMATION RELATING TO SUBSIDIARY COMPANIES
(Pursuant to approval by Ministry of Company Affairs under Section212(8) of the Companies Act 1956)

(Rs. in million)

PARTICULARS	UHHCL	ABMCL	SHEL	AHUKL	AHLL	IHRCL	PHL	ACSPL	ALLIANCE	ISIS	MERA	ALLIANCE DENTAL
Financial year ended	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011	31-Mar-2011
Country of Incorporation	India	India	India	UK	India	India	India	India	India	India	India	India
Share Capital	298.23	16.80	125.00	£0.005 (INR 0.36)	220.70	299.45	11.41	22.42	111.00	0.50	8.65	15.05
Share Application Money	-	..	..	..		..	57.91	12.17	..	23.73	-	..
Reserves	15.67	14.00	113.38	..	161.82	398.00		15.07	..	-	7.15	30.23
Minority Interest	-	-	-		..	-	-	-	-	-	-	-
Loan Funds	..	..	..	..	0.18	1,220.01	25.18	0.99	..	-	1.51	-
Current Liabilities & Provisions	4.43	6.79	80.24	£0.027 (INR 2.00)	55.91	525.99	0.31	6.32	31.94	2.53	2.68	23.99
Deferred Tax Liability	0.19	..	25.68			..	..	..	2.32	(0.74)	(0.39)	2.32
Total Liabilites	318.52	37.59	344.30	£0.032 (INR 2.36)	438.61	2,443.45	94.80	56.96	145.26	1.79	2.29	71.59
Net Fixed Assets	2.81	27.17	196.13		115.32	1,619.94	14.45	18.15	56.69	12.47	6.33	37.44
Capital work in progress	-	..	..		..	..	22.32	..	..	-	-	..
Net Intangible Assets	-	..	..		3.35	..	..	..	34.24	-	-	..
Investments	298.15	..	..		2.40	39.42	..	..	..	-	-	..
Current Assets, Loans & Advances	17.56	10.41	124.28	£0.005 (INR 0.38)	293.48	387.65	2.36	15.46	54.27	7.20	8.26	34.14
Debit Balance in Profit & Loss A/c.	..	..	23.83	£0.027 (INR 1.98)	20.35	286.15	55.67	23.35	0.06	(1.23)	1.24	..
Deferred Tax Asset	-	0.01	-		3.69	144.77				1.52	1.80	..
Miscellaneous Expenditure	-	..	0.07		..	4.93		-	0.01	-	-	0.01
Total Assets	318.52	37.59	344.30	£0.032 (INR 2.36)	438.61	2,443.45	94.80	56.97	145.26	7.49	11.30	71.59
Revenue / Income	19.53	6.55	263.31	-	154.43	875.25	-	14.65	102.32	18.67	12.20	84.80
Profit / (Loss) before Taxation	3.13	5.73	22.96	£(0.004) INR (0.33)	9.09	(41.67)	(0.87)	(4.03)	3.13	(0.49)	1.85	4.48
Deferred Tax Asset	-	-	-	-	-	-	-	-	-	1.52	1.80	-
Provision for Taxation - Current	0.94	1.48	4.58	-	0.72	..	..	..	1.44	-	0.22	1.44
- Deferred	0.00	(0.02)	1.22	-	4.66	12.37		..	0.26	(0.74)	(0.39)	0.26
Fringe Benefit Tax		..	..	-						-	-	-
Profit / (Loss) After Taxation	2.18	4.28	17.16	£(0.004) INR(0.33)	3.71	(29.30)	(0.87)	(4.03)	1.43	(1.23)	1.24	2.78
Proposed Dividend		..	..	..	..	..	..	..	..	-		..
Details of Investments		..	..	..	..	..	..	..	..	-		..
Quoted - Non Trade - Current	-	..	..	..	..	..	..	..	..	-	-	..
Quoted - Non Trade - Long Term	2.37	..	..	..	..	..	..	..	..	-	-	..
Unquoted - Subsidiaries	-	..	..	-	..	..	..	..	..	-	..	..
Unquoted Non Trade Others	295.77	..	..	-	2.40	..	..	..	..	-	..	..
Total Investments	298.15	..	..		2.40	..	..	..	..	-	..	..

Legend:
UHHCL: Unique Home Health Care Ltd
ABMCL: AB Medical Centres Ltd
PHL-Pinakini Hospitals Limited
ISIS - ISIS Healthcare Private Limited *

SHEL: Samudra Healthcare Enterprises Ltd
AHUKL : Apollo Hospital (UK) Ltd
ACSPL - Apollo Cosmetic Surgical Centres Pvt Ltd
MERA - Mera Healthcare Private Limited *

AHLL: Apollo Health & Lifestyle Ltd
IHRCL: Imperial Hospitals & Research Centre Ltd
Alliance - Alliance Medicorp (India) Limited
Alliance Dental - Alliance Dental Care Private Limited **

* subsidiary of AHLL ** subsidiary of Alliance

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.

Notes

Attendance Form

30th Annual General Meeting

Apollo Hospitals Enterprise Limited

Registered Office: No. 19, Bishop Garden, Raja Annamalai Puram, Chennai – 600 028

Regd. Folio / DP Client ID.No.	No. of Shares

I certify that I am a Member / Proxy for the Member of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on Friday, 22nd July 2011 at 10.15 a.m. at Kamaraj Arangam, No. 492, Anna Salai, Teynampet, Chennai - 600 006.

Note:

1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the entrance of the Meeting Hall.
2. This attendance is valid only in case shares are held on the date of the Meeting.

....

Signature of Member / Proxy

Apollo Hospitals Enterprise Limited

Registered Office: No. 19, Bishop Garden, Raja Annamalai Puram, Chennai – 600 028

Regd. Folio / DP Client ID.No.	No. of Shares

Proxy Form

30th Annual General Meeting

Note:

The Proxy Form signed across revenue stamp must be deposited either at Registered Office of the Company No.19, Bishop Garden, Raja Annamalaipuram , Chennai – 600 028 or at Secretarial Department, Ali Towers III Floor, No.55, Greams Road, Chennai – 600 006 not less than 48 hours before the commencement of the meeting.

I/We…………………………………………………………………………………

of……………………………………………………………………..…………..

being a Member(s) of APOLLO HOSPITALS ENTERPRISE LIMITED

Mr/Mrs……………………………………………………………………….……….

of………………………………………………………………………..……….

or failing him Mr/Mrs…………………………………………………………..………..

of………………………………………………………………………..……….

as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 22nd July 2011 at 10.15 a.m. at Kamaraj Arangam, No. 492 Anna Salai, Teynampet, Chennai - 600 006 and any adjournment there of.

Signed this………day of……………….2011

Affix
Rs.1/-
Revenue
Stamp

....

Signature of Member / Proxy

Apollo Hospitals Enterprise Limited
No.19, Bishop Garden, Raja Annamalaipuram, Chennai - 600 028 | www.apollohospitals.com