



Apollo Hospitals Enterprise Limited

(CIN: L85110TN1979PLC008035)

Registered office: 19, Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028

Secretarial Dept : Ali Towers III Floor, No 55, Greams Road, Chennai - 600 006

email: investor.relations@apollohospitals.com website: www.apollohospitals.com

Phone : +91-44-2829 0956, 2829 3896 Board : 2829 3333 Extn : 6681

NOTICE OF POSTAL BALLOT OF APOLLO HOSPITALS ENTERPRISE LIMITED

Dear Member(s),

Notice is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to other applicable laws and regulations, that the resolutions appended below for entering into a Long Term Supply Agreement with Apollo Pharmacies Limited, consequent to the implementation of the Scheme of Arrangement between Apollo Hospitals Enterprise Limited ("Transferor Company"/ "AHEL") and Apollo Pharmacies Limited ("Transferee Company"/ "APL") and their respective shareholders, is proposed to be passed by the members through Postal Ballot/electronic voting (e-voting).

The explanatory statement pursuant to Sections 102 and 110 of the Act pertaining to the aforesaid resolution setting out the material facts concerning the item and the reasons thereof is annexed hereto with a Postal Ballot Form for your consideration.

Smt.Lakshmmi Subramanian, Practising Company Secretary has been appointed as the Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner.

Members have the option to vote either by Postal Ballot or through e-voting. Members desiring to opt for voting through postal ballot are requested to read the instructions in the notes under the section "instructions relating to voting through postal ballot". Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the notes under the section "instructions relating to e-voting". References to postal ballot(s) in this Postal Ballot Notice include votes received electronically.

POSTAL BALLOT AND E-VOTING:

Commencing on	SATURDAY, 4 TH JANUARY 2020, 9.00 A.M
Ending on	MONDAY, 3 RD FEBRUARY 2020, 5.00 P.M.

SPECIAL BUSINESS:

Resolution No. 1

Approval to enter into a Long Term Supply Agreement with Apollo Pharmacies Limited:

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 188 of the Companies Act, 2013 ("Act") read with the relevant rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions of the Companies Act, 2013, Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party Transactions, approval of the shareholders be and is hereby accorded to the proposal to enter into a Long Term Supply Agreement ("**Supply Agreement**") with Apollo Pharmacies Limited, a related party under the Act and the Listing Regulations for the supply of pharmaceutical products as listed in the Supply Agreement and such other products agreed thereunder as an exclusive supplier on the terms and conditions as specified in the Supply Agreement or any amendments thereto and in such manner as may be decided by the Board, with effect from such date and in such manner as the Board deems appropriate with power to the Board of Directors to finalise the terms and conditions as well as the means, methods or modes in respect thereof and to finalise and execute all the required documents, memoranda, with such modifications as may be required from time to time and to do all such acts, deeds, matters and things as may be deemed necessary and/or expedient in its discretion in the best interests of the Company".

"RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee constituted by the Board of Directors of the Company or any person(s) authorised by the Board to exercise the powers conferred on the Board of Directors of the Company by this resolution), be and are hereby authorised to do all things and to take all incidental and necessary steps for and on behalf of the Company and to take from time to time all decisions and steps necessary, expedient or proper, with respect to implementation of the above mentioned resolution, and also to take all other decisions as it/they may, in its/their absolute decision, deem appropriate and to deal with all questions or difficulties that may arise in the course of implementing the above resolution."

By Order of the Board

For **APOLLO HOSPITALS ENTERPRISE LIMITED**

Date: 26th December 2019

Place: Chennai

SM Krishnan

Vice President – Finance & Company Secretary

Notes :

1. The statement pursuant to Sections 102 and 110 of the Act stating all material facts and the reasons for the proposal is annexed herewith.
2. The Notice, together with the documents accompanying the same, is being sent to all the equity shareholders either by registered post or speed post/airmail or by courier service or electronically by e-mail to those equity shareholders who have registered their e-mail ids with the Company/Registrar and share transfer agents/ NSDL/CDSL, whose names appear in the register of members/list of beneficial owners as received from NSDL/CDSL as on 20th December 2019. The Notice will be displayed on the website of the Company www.apollohospitals.com and on the website of NSDL, www.evoting.nsd.com.
3. In compliance with Section 110 of the Companies Act, 2013 and the Rules made thereunder the Company has provided the facility to the Members to exercise their votes electronically by way of remote e-voting facility arranged by NSDL. The instructions for remote e-voting forms part of this Notice.
4. A person, whose name is not recorded in the register of members or in the register of beneficial owners maintained by NSDL/CDSL as on the cut-off date i.e., 20th December 2019 shall not be entitled to avail the facility of e-voting or voting through postal ballot. Voting rights shall be reckoned on the paid-up value of the shares registered in the names of the equity shareholders as on Friday, the 20th December 2019. Persons who are not equity shareholders of the Company as on the cut-off date i.e. 20th December 2019 should treat this notice for information purposes only.
5. Kindly note that equity shareholders can opt for only one mode for voting i.e. either by postal ballot or remote e-voting. If an equity shareholder has opted for remote e-voting, then he/she should not vote by postal ballot form also and vice versa. However, in case equity shareholder(s) cast their vote both via postal ballot and remote e-voting, then voting validly done through remote e-voting shall prevail and voting done by postal ballot shall be treated as invalid.
6. In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he or she may send an e-mail to investor.relations@apollohospitals.com or srirams@integratedindia.in which is the designated mail id of the Registrar & Share Transfer Agent (RTA), Integrated Registry Management Services Private Ltd, 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai 600 017.
7. The voting by the equity shareholders through the postal ballot mode or remote e-voting process shall commence on and from **Saturday, 4th January 2020 at 9.00 a.m. and shall end on Monday, 3rd February 2020 at 5.00 p.m.** During this period, the equity shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e. 20th December 2019 may cast their vote electronically or by postal ballot. The e-voting module shall be disabled by NSDL for voting on 3rd February 2020 after 5.00 p.m. Once the vote on the resolution is cast by an equity shareholder, he or she will not be allowed to change it subsequently.
8. Members desiring to exercise their vote by physical Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed, to the Scrutinizer, Smt. Lakshmmi Subramanian, M/s. Lakshmmi Subramanian & Associates, Murugesu Naicker Office Complex, No. 81, Greams Road, Chennai - 600 006, so that it reaches the Scrutinizer not later than close of working hours (i.e. 5.00 P.M. IST) on 3rd February 2020. Any postal ballot received after 5.00 P.M. IST, on 3rd February 2020 will be considered invalid.
9. Resolutions passed by the Members through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
10. Smt. Lakshmmi Subramanian, Practising Company Secretary, (Membership No. 3534) has been appointed as the scrutinizer to scrutinize the votes cast either through remote e-voting or postal ballot in a fair and transparent manner.
11. The Scrutinizer will submit her report to the Chairman after the completion of scrutiny, and the result of the voting by postal ballot will be announced by the Chairman or any Director of the Company duly authorized, on or before Wednesday, 5th February 2020 at the registered office and will also be displayed on the website of the Company www.apollohospitals.com, besides being communicated to the Stock Exchanges, and e-voting agency, NSDL.
12. The resolutions, if passed by the requisite majority, shall be deemed to have been passed on **Monday, 3rd February 2020** i.e. the last date specified for receipt of duly completed Postal Ballot Forms or e-voting.
13. The documents referred to in the accompanying Explanatory Statement shall be kept open for inspection by the equity shareholders at the registered office of the Company during the business hours on all days (except Saturdays, Sundays and public holidays) up to the last date of voting.
14. Any queries / grievances in relation to the voting by postal ballot or e-voting may be addressed to Shri. S M Krishnan, Vice President-Finance and Company Secretary and Shri. L.Lakshminarayana Reddy, Sr. General Manager - Secretarial of the Company at Ali Towers, III Floor, No. 55 Greams Road, Chennai – 600 006 or through email to krishnan_sm@apollohospitals.com and lakshminarayana_r@apollohospitals.com, officials of the Company who can also be contacted at +91-44-28290956. Any query/grievance related to e-voting may be addressed to Integrated Registry Management Services Private Ltd (RTA) 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017, Phone:044-28140801-803, Fax :044-28142479, Email:srirams@integratedindia.in.

INSTRUCTIONS RELATING TO VOTING THROUGH POSTAL BALLOT

- a. Equity shareholders, voting in physical form are requested to carefully read the instructions printed on the attached postal ballot form. Equity shareholders who have received the postal ballot form by e-mail and who wish to vote through postal ballot form, can download the postal ballot form from the Company's website www.apollohospitals.com or seek a duplicate postal ballot form from the RTA of the Company.
- b. Equity shareholders shall fill in the requisite details and send the duly completed and signed postal ballot form to the scrutinizer so as to reach the scrutinizer before 5.00 p.m. on or before 3rd February 2020. Any postal ballot form received after the said date and time period shall be treated as if the reply from the equity shareholders has not been received.
- c. Assent/Dissent to the proposed resolution may be recorded by placing tick mark (✓) in the appropriate column. Postal Ballot Form bearing (✓) mark in both the columns will render the form invalid.
- d. Incomplete, unsigned, improperly or incorrectly tick marked defaced, torn, mutilated, over-written, wrongly signed postal ballot forms will be rejected by the scrutinizer.
- e. The vote on postal ballot cannot be exercised through proxy.
- f. There will be only 1 (one) postal ballot form for every registered folio/client ID irrespective of the number of joint equity shareholders.
- g. The postal ballot form should be completed and signed by the equity shareholders (as per specimen signature registered with the Company and/or furnished by the Depositories). In case, shares are jointly held, this form should be completed and signed by the first named equity shareholder and, in his/her absence, by the next named equity shareholder. Holder(s) of Power of Attorney ("PoA") on behalf of an equity shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorisation giving the requisite authority to the person voting on the postal ballot form.
- h. A Member neither needs to use all his/her votes nor needs to cast all his/her votes in the same way.
- i. The signature of the Member on this Postal Ballot Form should be as per the specimen signature furnished by the Depositories or registered with the Company, in respect of shares held in dematerialised form or in physical form, respectively.

- j. Members are requested not to send any other paper along with the Postal Ballot Form as all Postal Ballot(s) will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
- k. Members are requested to fill Postal Ballot Form in indelible ink & avoid filling it by using erasable writing medium(s) like pencil.

INSTRUCTIONS RELATING TO E-VOTING

Members as on the cut-off date are being provided with the login ID and password in this communication for availing the e-voting facility. However, if you are already registered with NSDL for e-voting, then you should use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsd.com or contact NSDL at the following Toll Free No. 1800-222-990 or call 022-24994600. The steps for remote e-voting is given below:

Log-in to NSDL e-voting system

- a. Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
- b. Once the home page of e-voting system is launched, click on the icon "Login" which is available under "Shareholders" section.
- c. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, for those shareholders who are already registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsd.com/> with your existing IDeAS login. Once you log in to NSDL e-services after using your login credentials, click on e-voting and you can proceed to step 2 i.e. Cast your vote electronically.
- d. **Members receiving e-mail from NSDL (for members who have registered their email ids with the Company / Depository Participants)**
 - i. Open e-mail and then Open PDF file viz., "AHEL_NOTICE.pdf" with the Client ID or Folio number as password. The PDF file contains the User ID and Password for e-voting. Please note that the password is an initial password which requires to be changed when the password change menu appears.
 - ii. Open your web browser during the voting period and log on to the e-voting website www.evoting.nsd.com.
 - iii. Click on Shareholder – Login
 - iv. Enter User ID and Password as initial password noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Please note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
 - vi. Home page of e-voting opens. Go to "e-voting" icon and select "Active E-Voting Cycles".
 - vii. Select EVEN-112713 of the Company.
 - viii. Cast your vote and select "Submit" and "Confirm" when prompted.
 - ix. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - x. Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
 - xi. Institutions members (i.e other than individuals, HUF, NRI, etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with the attested specimen signature of the duly authorised signatory(ies), who are authorized to vote, to the Scrutinizer through email: lakshmi6@gmail.com with a copy marked to evoting@nsdl.com and srirams@integratedindia.in.
- e. In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads section of www.evoting.nsd.com or contact NSDL at 022-24994600.
- f. If members are already registered with NSDL for e-voting, then they can use their existing user ID and password for casting the vote.
- g. Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- h. **For members who received the Notice in physical form, initial password is provided in the postal ballot form. Members are requested to follow instruction given in Sl. No.(ii) to (ix) above.**

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT 2013 READ WITH THE RELEVANT RULES

Resolution 1:-

The Board had met on 14th November 2018, to review AHEL's long-term strategy for both Healthcare Services and Standalone pharmacies.

The Board in its meeting, approved the proposal to transfer and thereby demerge the business of the front-end portion of the stand alone pharmacy business carried out in the standalone pharmacy business segment to Apollo Pharmacies Limited ("APL") through a Scheme of Arrangement which required approval from the National Company Law Tribunal ("NCLT"). The NCLT gave directions for convening a shareholders meeting on 21st October 2019 for granting the requisite approval. At the NCLT convened meeting held on 21st October 2019, approval of the AHEL shareholders was obtained with 99.99% voting recorded in favour of the resolution which demonstrates a strong endorsement from the shareholders of AHEL's long-term strategy to focus on growing its Healthcare Services business segment while also ensuring that the Standalone pharmacies business segment continues to grow with a clear strategy and vision for itself, in compliance with the applicable regulatory framework.

More specifically, APL would focus on the following initiatives:

- A. Building a multi-year growth platform for the stand-alone pharmacies business to get to a medium-term target of over 5,000 pharmacy outlets over 5 years with a goal of over ₹. 100 billion in revenues and 30% combined ROCE for the Stand-alone pharmacy business in the next 5 years.
- B. Enabling foray into digital commerce as part of the Omni-Channel strategy to provide consumers increased convenience and ability to choose between online and physical stores.
- C. Retaining leadership position by further focusing on strengthening and streamlining the Direct-to-consumer (D2C) front end operations to increase same store growth, prescription fill rates and enhance overall customer experience.
- D. Enhancing the private label business further from the current 6+% levels to over 12% in five years through a combination of both broadening and deepening the product portfolio.
- E. Leveraging on its strong distribution supply chain to further increase operational efficiencies and create a sustainable moat for the business.
- F. Building a strong integrated customer loyalty platform through a combination of effective health maintenance and wellness in addition to cost benefits centred around a more satisfied and engaged customer with a focus on customer retention as well as higher repeat customers.

The petition before the NCLT is now in the final stages of approval.

Based on the audited financial statements for the financial year ended 31st March, 2019, the Stand Alone Pharmacy business segment revenues constituted 47% of the stand alone revenues and 40% of the consolidated revenues respectively of AHEL.

Section 188 of the Companies Act, 2013 specifies that prior consent of the members of the Company with related parties not being able to vote in favour of the resolution, shall be obtained in respect of any transactions which are not in the ordinary course of business and are entered into with a related party relating to the sale, purchase or supply of goods amounting to more than 10% of the turnover of the Company provided that such consent shall not be required in respect of transactions between a holding company and its wholly owned subsidiary.

Further, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI LODR Regulations") mandate that any material related party transaction (which has been defined as a related party transaction exceeding in aggregate 10% of the consolidated turnover of the Company as per the last audited accounts of the Company) shall require the prior approval of the majority of the members of the Company with related parties not being able to vote in favour of the resolution provided that such consent shall not be required in respect of transactions between a holding company and its wholly owned subsidiary.

In line with the decisions taken at the board meeting held on 14th November 2018 to enable the implementation of the Scheme of Arrangement and facilitate the transfer the front-end portion of the stand alone pharmacy business segment to APL, AHEL would enter into a Long Term Supply Agreement with APL wherein AHEL would act as the exclusive supplier for APL with the value of such supplies expected to exceed the threshold limit of 10% of the consolidated turnover of AHEL.

Since APL would constitute a related party as per the relevant provisions of the Companies Act, 2013 and considering the position post the implementation of the Scheme of Arrangement when AHEL would be holding only a 25.5% equity stake in Apollo Medicals Private Limited (AMPL) which in turn would hold a 100% equity stake in APL, the execution of a Long term Supply Agreement between AHEL and APL will constitute a material related party transaction which would require prior consent of the members of AHEL under the provisions of Section 188 of the Companies Act, 2013 read with Regulation 23(4) of the SEBI LODR Regulations with related parties not being able to vote in favour of the resolution.

Accordingly, approval of the shareholders is being sought for AHEL to act as the exclusive supplier for APL under a Long Term Supply Agreement ("Transaction"). AHEL would further enter into a Brand Licensing Agreement with APL wherein it would charge a licencing fee linked to the annual revenues earned by APL, as mutually agreed between AHEL and APL, to licence the "Apollo Pharmacy" brand to the front end stores and online pharmacy operations.

Post the reorganisation and the execution of the Long Term Supply Agreement and the Brand Licensing Agreement, the backend business related to the stand alone pharmacies business segment, which represents around 85% of the business economics will continue to be held by AHEL. It may be noted that the consideration for the transfer of the front end portion of the Stand Alone Pharmacy business segment from AHEL to APL had been determined at a sum of ₹. 5,278 million by BSR & Associates LLP, an Independent Valuer as per the discounted cash flow method and as per general norms which are in line with valuation metrics adopted for companies engaged in the retail business.

Pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transactions with Apollo Pharmacies Limited are as follows:

S.No.	Particulars	Details
1	Name of the related party	Apollo Pharmacies Limited
2	Name of the director or key managerial personnel who is related, if any	Smt. Shobana Kamineni is a common director
3	Nature of relationship	Apollo Pharmacies Limited is an indirect wholly owned subsidiary of the Company through Apollo Medicals Private Limited (AMPL). Post the implementation of the Scheme, AHEL would be holding 25.5% equity stake in AMPL which would in turn hold 100% equity in APL.
4	Nature, material terms, monetary value and particulars of the contracts or arrangements	<p>Nature of the contract: AHEL proposes to enter into a long-term supply agreement ("Agreement") with APL for the exclusive supply of pharmaceutical products and such other products ("Products") as agreed between the Parties.</p> <p>Monetary value: All pricing and/or pricing revisions under this Agreement shall be on an arms-length basis as communicated by the Supplier (AHEL) from time to time.</p> <p>Material terms and particulars of the contract:</p> <ol style="list-style-type: none"> The term of the agreement shall be for a period of 10 years from the effective date. During the term of this Agreement, AHEL shall be the exclusive supplier for the Products to the APL (Purchaser). The Products supplied by the Supplier shall be utilized by the Purchaser only for the purpose of retail sale to the Customers in compliance with the terms and conditions set out in this Agreement. The Agreement may be terminated by the written mutual agreement of the Parties to the Agreement. <p>The features / details set out are only the salient features of the Agreement.</p>

Any other information relevant or important for the members to take a decision on the proposed resolution: The background for the aforesaid transaction is provided in the explanatory statement and the draft of the Agreement will be available for inspection by the equity shareholders at the registered office of AHEL during business hours on all working days (except Saturdays, Sundays and public holidays) from the date of dispatch of this notice, up to the last date for voting on this resolution.

The Audit Committee in its meeting held on 14th November, 2018 had approved the aforesaid agreement. The Board has approved and recommended this resolution for approval of the members.

Smt. Shobana Kamineni, being a common director in both AHEL and APL is interested in this resolution. Dr Prathap C Reddy, Executive Chairman, Smt. Preetha Reddy, Executive Vice Chairperson, Smt. Suneeta Reddy Managing Director and Smt. Sangita Reddy, Joint Managing Director, being relatives of Smt. Shobana Kamineni are also deemed to be interested to the extent of their shareholding in AHEL in the aforesaid resolution. No other Key Managerial Personnel (KMP) or Directors are interested in the resolution.

No member of the company, who is considered as a related party for the purpose of this transaction shall vote to approve the resolution.

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

Date: 26th December 2019
Place: Chennai

S M Krishnan
Vice President – Finance & Company Secretary